85-1243

No.

Supreme Court, U.S.
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DEC 27 1985
JOSEPH F. SPANIOL, JR.
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In the

Supreme Court of the United States

OCTOBER TERM, 1985

NICK N. NOVICKY,

Petitioner,

vs.

SYNTEX OPHTHALMICS, INC. and
ARAPAHOE CHEMICALS, INC.
(now SYNTEX CHEMICALS, INC.),

Respondents.

NICK N. NOVICKY,

Petitioner,

vs.

GEORGE F. TSUETAKI and
FUSED KONTACTS OF CHICAGO, INC.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTIONS PRESENTED

1. Did not the Federal Circuit err in reinstating a judgment vacated by this Court, with the result that the Federal Circuit gave a preclusive effect to a state trial court judgment later reversed by a State Appellate Court where:

(a) the Illinois Appellate Court found that the state trial court judgment could not stand because it was procured through "fraud" and "unconscionable behavior", thus requiring that the state trial court judgment be vacated and the case retried;

(b) the Federal Circuit, notwithstanding the reversal by the Illinois Appellate Court, accorded

that state trial court judgment a collateral estoppel effect; and,

(c) the effect of the Federal Circuit decision is to prevent petitioner from availing himself of a right to prove title to certain patents in issue which was assured to him by the decision of the Illinois Appellate Court?

2. Should not the Federal Circuit have granted petitioner's petition for writ of mandamus where:

(a) the federal trial court entered a judgment while the case was still on appeal in the Federal Circuit; and,

(b) the mandate had not yet issued from the Federal Circuit, returning jurisdiction to the District Court?

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PETITIONER'S RULE 28 STATEMENT

Petitioner Nick N. Novicky, an individual, is affiliated with Progressive Chemical Research Inc.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner respectfully prays that a

writ of certiorari once again issue to review the judgment of the United States Court of Appeals for the Federal Circuit in its cause Nos. 84-838 and 84-857. That judgment reinstated a judgment that this Court had earlier vacated on March 18, 1985, when this Court granted certiorari and vacated the earlier judgment of the Court of Appeals of October 3, 1984 (Novicky v. Syntex Ophthalmics, Inc. (1985), ____ U.S. ____, 105 S.Ct. 1740, 84 L.Ed.2d 807).

OPINIONS BELOW

The original opinion of the Court of Appeals has been reported at 745 F.2d 1423. The opinion of the Court of Appeals, following remand by this Court is reported at 767 F.2d 901 and appears in the Appendix at A-47. The conflicting Illinois Appellate Court opinion is reproduced in the Appendix

hereto at A-30. The order of this Court is reported at ____ U.S. ____, 105 S.Ct. 1740, 84 L.Ed.2d 807.

JURISDICTION

The judgment for which this Court's review is sought was entered July 18, 1985 and rehearing was denied October 2, 1985. This Court has jurisdiction by virtue of 28 U.S.C. §1254(1).

THE CONSTITUTION PROVISION INVOLVED

U.S. Constitution, Amendment V

"No person shall...be deprived of life, liberty or property, without due process of law...."

STATEMENT OF THE CASE

This proceeding was commenced in the Circuit Court of Cook County in Chicago on

a complaint filed by Fused Kontacts of Chicago, Inc. and its president George F. Tsuetaki (hereinafter collectively referred to as "Tsuetaki") against his former employee Nick N. Novicky for breach of contract and misappropriation of trade secrets.

Novicky is a chemist, having been awarded his Masters degree in this country, following receipt of his bachelors degree from his native Czechoslovakia in 1963. He holds six patents.

A few months after Tsuetaki brought his state court action, Syntex Ophthalmics, Inc. and Arapahoe Chemicals, Inc. (hereinafter collectively referred to as "Syntex") brought an action in federal court in Chicago, alleging both misappropriation of trade secrets and patent infringement against both Novicky and Tsuetaki. Tsuetaki was thus in the position of asserting

trade secret protection in the state litigation, while denying the existence of such protection in the federal litigation. Both Tsuetaki and Syntex have taken different and inconsistent positions in the two courts, leading to irreconcilable conflicts between the state and federal courts, requiring this Court's intervention.

In so demonstrating, we ask this Court's indulgence to consider the following history of the controversies.

A. The Background Facts.

Syntex, in early 1977, purchased technology which formed the basis for its business of making and selling gas-permeable contact lenses called "Polycon" -- lenses which are permeable to oxygen and hence allow oxygen from the air to pass through the lenses and contact the cornea. That allows such lenses to be worn for longer

periods of time as compared to contact lenses available before.

The contact lenses in question are made from two major chemical materials, one of which is a silicon-containing compound known as a "silicone monomer". Those chemicals or their use together to form clear plastics were not new. In fact, it is because of Sytnex' fragile patent position that it has invested millions of dollars in fighting Novicky as a lone inventor.

Novicky went to work for Syntex in 1973 as a chemist. When Syntex set up its Polycon contact lens project in early 1977, Novicky was transferred to that project, optimizing the procedures by which Syntex' lenses were made. Novicky's procedures, called "batch sheets", were dis-

carded by Syntex before this litigation ever began.

Novicky's work on the project quickly led to problems. Tiring of the tedious task of running chemical reactions over and over for the Food and Drug Administration, Novicky wandered from his assigned task to develop new and better chemicals for use in making such lenses. Novicky's boss soon ordered him to stop until FDA approval for the planned lens was in hand. Frustrated over his plight and Syntex' contention that Novicky, having only a Masters degree and not a Ph.D., was not qualified to do such basic research, Novicky, on May 12, 1978, was forced to resign.

B. Novicky's Connection With Tsuetaki.

Novicky, after leaving Syntex, set out to prove that Syntex was wrong; he

conceived of an important invention -- a new family of silicone monomers, one of which was later called S-9. With that in hand, Novicky contracted with Tsuetaki, whereby Novicky was hired to develop his new product and he, in turn, assigned his rights therein to Tsuetaki pursuant to the August 31, 1978 agreement (A-1).

Enter Syntex' problem. Novicky's new monomer was not only <u>better</u> than the monomer of Syntex, so too it was <u>beyond the reach of Syntex' patents</u>!

Within a few months of signing their agreement, Novicky began transforming his invention into a commercial product that became known as the "GN-1" lens marketed by Tsuetaki. Tsuetaki first sold that new product outside the United States. Because the lens was far superior to that sold by Syntex, Tsuetaki's sales began to flourish. At the same time, however, Tsuetaki became

greedy; Novicky was no longer permitted to do the development work he was hired for. Instead, he was asked to produce more and more GN-1 material for Tsuetaki to sell. In May of 1980, Tsuetaki agreed to pay Novicky $1.00 royalty per rod of GN-1 material from the very same '303 patent now in dispute. Finally, Novicky couldn't produce enough material covered by Novicky's '303 patent to keep Tsuetaki happy.

Novicky, experiencing the same kind of problem he had had at Syntex, resigned in June of 1980. Novicky offered to stay on the job for a few months to train his successor; Tsuetaki refused Novicky's offer, and terminated Novicky's employment on the spot.

C. The State Court Litigation.

Shortly after Novicky left, Tsuetaki brought suit in the Circuit Court of Cook

County for alleged breach of the employment agreement. Among other things, Tsuetaki sought an order directing Novicky to assign to him title to certain patent applications Novicky had filed in his name as the inventor.

Novicky denied Tsuetaki's charges, alleging in his first affirmative defense that Tsuetaki had fraudulently induced Novicky to enter into the August 1978 agreement and that Novicky was entitled to rescission of the agreement (A-18). Novicky also averred that the August 1978 agreement, even if it were enforceable, had been modified by further written agreements. In addition, Novicky counterclaimed for breach of contract on the part of Tsuetaki and specifically prayed for an order compelling Tsuetaki to reassign to Novicky the '303 patent -- and others as well (A-26).

At the trial of the state court action, Tsuetaki disavowed every one of the

supplemental agreements that he had signed, contending that each had been coerced by reason of Novicky's alleged slowdown of production so that Tsuetaki could not fill his orders. Even though the technology relating to the GN-1 material had been disclosed to the world in Novicky's '303 patent, Tsuetaki argued also that such technology represented trade secrets which he owned. Following a trial on the merits, the Circuit Court ruled that Novicky had breached his employment agreement. Among other things, the Circuit Court entered an injunction enjoining Novicky from:

> ...disclosing to any person... technology involved in the manufacture of contact lenses including, but not limited to, those which could, would or did lead to the filing of applications for letters patent."

The Circuit Court also ordered Novicky to repay the monies paid him for his work on

the FDA file; it voided ab initio the $1 per rod agreement.

During the trial of the state court action, Syntex sought to monitor the proceedings to determine if its trade secret rights were involved. Counsel for Tsuetaki objected, and Novicky's former counsel took the same view despite Novicky's express instruction to the contrary. The protests soon became moot. On November 21, 1980, Syntex filed suit in the United States District Court for the Northern District of Illinois, naming both Tsuetaki and Novicky as defendants.

D. The Syntex Complaint.

The original complaint filed by Syntex (Civil Action No. 80 C 6257) alleged that Novicky learned of Syntex' trade secrets

while working on its Polycon project, and then wrongfully transmitted those trade secrets to Tsuetaki. Its complaint was later amended to include not only the same cause of action for misappropriation of trade secrets, but also an allegation that both Novicky and Tsuetaki had infringed Novicky's '303 patent which Syntex pleaded that it owned.

E. The Post-Judgment Events In The Circuit Court.

After Syntex' federal action was filed in November of 1980 and after the Circuit Court had entered its judgment in the state case, Novicky, responding to a document request in the federal action, turned over some of his documents to Syntex' counsel, a move which Tsuetaki interpreted as a violation of the Circuit

Court's injunction. Tsuetaki then moved before the Circuit Court to hold Novicky in contempt.

Not only did Novicky respond to Tsuetaki's petition in the state court, but so did Syntex. As a result, Tsuetaki filed a supplemental complaint in the state court action, seeking in new Count V declaratory judgment against both Syntex and Novicky and asking the Circuit Court to declare that its January 13, 1981 judgment applied to Syntex as well as Novicky.

On July 10, 1981, the Circuit Court granted Tsuetaki's motion to add Syntex as a party, holding that a special appearance Syntex had filed was, in reality, a general appearance.

At the same time, it denied Novicky's

motion for a new trial.

Next came two events of critical importance. Four days after the Circuit Court's order of July 10, 1981 adding Syntex as a party, Novicky filed a notice of appeal to the Appellate Court of Illinois, First District, seeking review of the Circuit Court's order of January 13, 1981, granting judgment to Tsuetaki, and also the Circuit Court's order of July 10, 1981, denying Novicky's motion for a new trial.

Three days after Novicky filed his notice of appeal, Syntex filed a removal petition, purportedly removing the Circuit Court action to federal court in Chicago. Unaccountably, that removal petition was not filed in the Illinois Appellate Court where the case was pending; it was filed in the Circuit Court after Novicky's no-

tice of appeal had already transferred the case to the Illinois Appellate Court. (That "removed" action was assigned Civil Action No. 81 C 4050 in the District Court.)

F. The Disposition Of Novicky's Appeal.

In the meantime, Novicky filed a petition under §72 of the Illinois Civil Practice Act, asking that the judgment of the Circuit Court be vacated on the basis of newly-discovered evidence. The new evidence which Novicky refered to the Circuit Court included discovery taken by Syntex in its original federal action, 80 C 6257, showing that Tsuetaki and his comptroller testified untruthfully in the Circuit Court by saying that the supplemental agreements entered into by Tsuetaki and Novicky had been coerced. Thus, the new evidence established that the very cornerstone of Tsue-

taki's case against Novicky was grounded on perjury.

The Circuit Court dismissed Novicky's petition; Novicky also appealed that order. His appeals were consolidated and argued before the Illinois Appellate Court. On December 7, 1983, the Appellate Court reversed the Circuit Court's decision in its entirety, holding that Tsuetaki and his comptroller had committed "fraud" and were guilty of "unconscionable behavior" in giving "apparently false testimony". The Illinois Appellate Court held also that Syntex was an indispensible party to the controversy, and remanded the case to the Circuit Court for a new trial.

On December 28, 1983, Tsuetaki filed a petition for rehearing, asking the Illinois Appellate Court to vacate its deci-

sion and dismiss Novicky's appeals, on the theory that Syntex' removal petition, filed three days after Novicky's notice of appeal, had divested the Appellate Court of jurisdiction.*

G. The Federal Court Proceedings.

After Syntex filed its petition purporting to remove the Circuit Court action, Tsuetaki moved to remand. That motion was denied by the District Court on March 24, 1982 -- after Novicky's opening brief had been filed in the state court appeal. Even though Novicky had, on appeal, the Circuit Court's January 13, 1981 order, the District Court ruled that Novicky "had

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* Tsuetaki's petition for rehearing was filed pro se, although it was obviously the work of Syntex' lawyers. Syntex followed up with its own petition for rehearing. Tsuetaki's petition for rehearing is still pending before the Illinois Appellate Court.

no claim or interest remaining" in the technology at issue, and thus his presence as a co-defendant did not destroy diversity in Tsuetaki's state action against Syntex. The District Court then consolidated, for all purposes, the removed action, 81 C 4050, with the original action, 80 C 6257, under the caption of the latter.

In due course, the District Court, on May 6, 1982, granted Syntex a preliminary injunction -- without ever holding an evidentiary hearing to determine the disputed factual issues.

H. The District Court's Disposition Of Novicky's Counterclaims.

While working for Syntex, Novicky, in violation of his boss' orders not to conduct research on new silicone monomers, contemplated some additional monomers for use in making gas-permeable contact lenses.

After he left Syntex and hence was under no such restraint, Novicky began to work on new silicone monomers, ultmately patenting those monomers in his '483 and '939 "private" patents involved in the state court litigation.

Because Syntex had claimed title to those patents, Novicky, by way of a counterclaim filed in August of 1982, averred that Syntex had committed fraud and was seeking unjust enrichment in arguing that it held title to the private patents.

Novicky's counterclaim was dismissed by the District Court on the ground of collateral estopppel arising from the Circuit Court judgment -- then on appeal. The District Court was, of course, unaware that Tsuetaki's judgment against Novicky, giving rise to the estoppel, had been se-

cured through "fraud" and "unconscionable behavior". In the view of the District Court, the Circuit Court judgment established Syntex as the owner of all of Novicky's patents, leaving Novicky with no standing to litigate with Syntex respecting Novicky's rights to those patents.

I. The District Court's Disposition Of The Title Issue On Summary Judgment.

On the eve of trial of the federal case, Syntex and Tsuetaki settled the controversy between them. Relying on the settlement agreement between Syntex and Tsuetaki, Syntex moved for summary judgment, assuring the court that Tsuetaki was to assign to Syntex all of his rights in the Novicky patents and applications involved in the case, specifically including the '303, '483 and the '989 patents. Syntex argued that, by reason of its agreement

with Tsuetaki, it owned what Tsuetaki formerly owned and that Novicky was collaterally estopped by the state court judgment from denying Tsuetaki's title.

The District Court adopted Syntex' arguments, granting its motion for summary judgment -- all without ever permitting Novicky or his counsel to see the mysterious settlement agreement.*

J. The Trial Of The District Court Action.

Having disposed of the title issue on summary judgment, the District Court set the remaining phase of the case -- Syntex'

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* Because the settlement agreement was the cornerstone of Syntex' motion for summary judgment, Novicky asked to see the agreement on which the Syntex motion was based. Unaccountably, the District Court refused to order Syntex to produce that agreement even though its motion for summary judgment was based directly on it.

claim for misappropriation of trade secrets -- for trial in June of 1983, Novicky acting pro se. The District Court, on December 12, 1983, project, and entered an order prohibiting Novicky from using Syntex' alleged trade secrets for twenty years from the date he left Sytnex' employ. The injunction also barred Novicky from using or disclosing information contained in the Novicky-prepared Syntex "batch sheets" which were "not found in public domain documents" -- notwithstanding that experts for both sides as well as Syntex research people all agreed that the information in the "batch sheets" was all in the public domain.

The injunction also barred Novicky from using his own S-9 monomer with "any of the reaction steps, specific reaction conditions, procedures, preparatory steps or reagents" -- without ever hearing a

word of evidence on the issue of whether Novicky had conceived those monomers while he was a Syntex employee (and hence Syntex might arguably have rights to them), or after he left Syntex' employ (when Syntex would have no rights to them at all).*

K. The Decision Of The Federal Circuit.

Novicky took his appeal to the Court of Appeals for the Federal Circuit. On October 3, 1984, the Federal Circuit, in large measure, reversed the decision of the District Court. It reversed the injunction, finding that it was "clear error and an abuse of discretion" to extend the injunction for twenty years. The Federal Circuit remanded the case to determine the proper

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* The District Court was aware, at the time of its decision, that the state court judgment, on which it had based collateral estoppel, had been reversed; unaccountably, it refused to vacate its earlier rulings based on estoppel.

scope of any injunction entered after remand (Syntex Ophthalmics, Inc. v. Novicky (Fed. Cir., 1984), 745 F.2d 1423).

To its credit, the Federal Circuit rejected Syntex' argument that the Illinois Appellate Court had no jurisdiction; it agreed with Novicky that his notice of appeal, filed before the removal petition, divested the Circuit Court of jurisdiction as to Counts I-IV and hence the District Court, on filing of the removal petition, acquired no jurisdiction over Counts I-IV.*

The Federal Circuit ruled that no collateral estoppel could arise from that part of the state court judgment which was

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* The Federal Circuit's conclusion that only Count V was removed was dead wrong! In denying Novicky's motion to remand filed after the District Court's decision on the merits (but before final judgment), the District Court itself referred to Syntex having "removed the entire action to this court...."

reversed, namely the '483 and '989 "private" patents. Even though the Illinois Appellate Court reversed the entire judgment entered by the Circuit Court and remanded the entire case for a new trial, the Federal Circuit gave the now defunct Circuit Court judgment -- held to be procured through "fraud" -- a collateral estoppel effect with respect to the remaining patents.

The practical effect of that ruling was to deny Novicky a hearing as to the issue of ownership of the patents here involved -- and to force him to once again litigate the same issues in two different forums. He would have obtained that hearing in the Circuit Court, once the case is remanded for the new trial as ordered by the Appellate Court. However, because of the collateral estoppel effect erroneously given that judgment by the Federal Circuit, Novicky is once again denied that hearing;

and the Federal Circuit and the Illinois Appellate Court are in a head-to-head conflict.

L. Novicky's First Certiorari Petition And This Court's Ruling On It.

Protesting that he had been denied due process when the Federal Circuit stripped him of his right to a new trial that he won in the Illinois Appellate Court, Novicky came to this Court, applying for writ of certiorari to the Court of Appeals for the Federal Circuit in Cause No. 84-1089.

This Court, on March 18, 1985, ignoring Syntex' plea that Novicky's certiorari petition was frivolous, vacated the judgment of the Court of Appeals, remanding it to the Court of Appeals for further consi-

deration in light of Marrese v. American Academy of Orthopaedic Surgeons (1985), 470 U.S. ____, 105 S.Ct. 1327, 84 L.Ed.2d 274.

M. Back To The Federal Circuit.

On remand to the Federal Circuit, the Court of Appeals reinstated the very judgment which this Court had vacated (Syntex Ophthalmics, Inc. v. Novicky (Fed. Cir., 1985), 767 F.2d 901).

The Federal Circuit just ignored this Court's order, finding that Illinois law holds that the mandate of the Illinois Appellate Court should be construed in light of the opinion and that it was free to ignore the ruling of the Illinois Appellate Court that Novicky was entitled to a new trial on the ownership of the "non-

private" patents. The Court of Appeals never addressed the question of whether its decision, according a collateral estoppel effect to a judgment reversed by an Illinois Appellate Court and awarding a new trial, deprived Novicky of a right that he had earned when he secured reversal of the original Illinois judgment on the ground that it was procured through "fraud" and "unconscionable behavior".

Novicky petitioned for rehearing in the Court of Appeals, suggesting rehearing en banc. That was denied on October 2, 1985.

N. Proceedings In The District Court Are Resumed.

In the meantime, the District Court resumed its consideration of the case as remanded by the Federal Circuit.

After this Court vacated the judgment of the Federal Circuit and remanded the case to it, the District Court nonetheless proceeded with the case. Before this Court acted on Novicky's certiorari petition, the District Court rejected a jury demand filed by Novicky respecting his newly-reinstated counterclaim, holding that it came too late -- even though Syntex had never replied to that counterclaim. After it was pointed out that Syntex had not replied to the counterclaim and hence Novicky's jury demand was timely, the District Court nevertheless struck the jury demand for the additional reason that it raised, in part, an equitable issue -- a clear violation of this Court's landmark decision in Dairy Queen, Inc. v. Wood (1962), 369 U.S. 469.

The District Court, on September 4, 1985 -- before the mandate following the

judgment of the Court of Appeals of July 18, 1985 was ever issued -- entered a Memorandum Opinion and Order and Revised Final Injunction. Novicky petitioned for writ of mandamus, asking the Court of Appeals to direct the District Court to refrain from exercising jurisdiction until the Federal Circuit issued its mandate.

What the Court of Appeals did was to deny Novicky's petition for rehearing and decline his suggestion for rehearing en banc on October 2, 1985. Then it ruled on October 16, 1985 that the petition for writ of mandamus or prohibition was moot, and therefore should be denied. The Court of Appeals never did address the question of whether the Memorandum Opinion and Order and Revised Final Injunction entered by the District Court on September 4, 1985 -- before the mandate was issued -- had any

validity at all. And, of course, it clearly did not since it was issued by the District Court before jurisdiction was returned to it from the Court of Appeals.

REASONS FOR GRANTING THE WRIT

When Novicky applied to this Court for certiorari the first time, he said that this case was in shambles. That statement applies with redoubled emphasis now.

The Federal Circuit, despite this Court's Order of March 18, 1985, has failed to address the question of whether it, in according a collateral estoppel effect to a state court judgment reversed on appeal, has denied Novicky a trial on the issue of title to property which the Illinois Appellate Court said he was entitled to. Novicky,

an individual with limited resources, has, by reason of the judgment of the Court of Appeals, been deprived of his property without due process of law by reason of wrongful federal interference with the state courts, as will now be shown.

A. Novicky Has Been Deprived Of Property Without Due Process Of Law By The Federal Circuit's Finding That The State Court Judgment Is Entitled To A Preclusive Effect.

The fundamental error committed by the Federal Circuit, first in its judgment of October 3, 1984 and then repeated in its July 18, 1985 judgment, was its finding that the Illinois Circuit Court judgment, reversed by the Illinois Appellate Court, was entitled to even a limited preclusive effect respecting title to four of Novicky's patents in issue.

As the Court will recall, Tsuetaki, in the now-defunct Illinois Circuit Court judgment, was awarded title to all of Novicky's patents. That judgment, the Illinois Appellate Court held, was procured through "fraud" and "unconscionable behavior". But for that "fraud" and "unconscionable behavior", Novicky would have succeeded in his plea that the August 31, 1978 employment agreement should have been rescinded, and Novicky would have been awarded title to all of the patents in issue.

When the Illinois Appellate Court discovered that "fraud" and "unconscionable behavior", it ruled that the Illinois Circuit Court judgment could not stand; it reversed the judgment and remanded the entire case for a new trial. Not only did the Illinois Appellate Court find the judg-

ment void as procured through "fraud" and "unconscionable behavior", so too it found the judgment void because the Illinois Circuit Court lacked an indispensable party to the controversy, namely Syntex.

When that case is retried, pursuant to the Illinois Appellate Court's mandate, Novicky will be given an opportunity to prove that he is entitled to rescission of the August 31, 1978 agreement and that he should have title to the '303 and other patents in issue.

But the Court of Appeals for the Federal Circuit, by according the defunct Illinois Circuit Court judgment a collateral estoppel effect as to the '303 and other patents, literally takes away Novicky's right to a trial established by the Illinois Appellate Court decision.

In sum, the Federal Circuit, in according the Illinois Circuit Court judgment a collateral estoppel effect, is in direct conflict with the Illinois Appellate Court's holding that Novicky is entitled to a new trial.

B. The Court of Appeals Failed To Follow This Court's March 18, 1985 Judgment.

This Court, in vacating the original judgment of the Court of Appeals, directed the Court of Appeals to reexamine its holding in light of Marrese v. American Academy of Orthopaedic Surgeons (1985), 470 U.S. ___, 105 S.Ct. 1327, 84 L.Ed.2d 274. While the Federal Circuit gave lip service to that order, it failed to substantively do what this Court directed. Novicky pointed out that, under Illinois law, the mandate of an Illinois Appellate Court, as distin-

guished from its opinion, is controlling, citing PSL Realty Company v. Granite Investment Company (1981), 86 Ill.2d 291, 427 N.E.2d 563, 571. The Court of Appeals made light of Novicky's argument, concluding that PSL Realty, and other Illinois cases, hold that "the mandate should be construed in light of the opinion...." (767 F.2d at 903).

That holding will just not withstand analysis in light of the express holding of the Illinois Supreme Court in PSL Realty, when it wrote (86 Ill.2d at 308):

> "The correctness of the trial court's action on remand is to be determined from the appellate court's mandate, as opposed to the appellate court opinion."

Only if the mandate says that further proceedings are to be conducted in conformity

with the opinion does the content of the opinion become significant. On that point, the Illinois Supreme Court wrote (at 308):

> "However, if the direction is to proceed in conformity with the opinion, then, of course, the content of the opinion is significant."

In this case, the Illinois Appellate Court concluded its opinion with the following statement (18a-19a):

> "For the foregoing reasons, the judgment of the circuit court of Cook County is reversed and remanded for a new trial."

That was the mandate of the Illinois Appellate Court. It did not order retrial on some of the issues as the Court of Appeals seem to suggest (Cf. 767 F.2d at 903).

Wholly apart from considerations of Illinois law, the holding of the Court of Appeals for the Federal Circuit stands in naked violation of federal law, namely 28 U.S. Code §1738. That statute demands that Illinois judicial proceedings "have the same fully faith and credit in every court within the United States...as they have by law or usage in the courts"* of Illinois.

The Federal Circuit, by refusing to recognize that Novicky won a new trial in the Illinois Appellate Court, has violated in the clearest terms that statute.

C. Wrong Was The Federal Circuit In Concluding That Only The Private Patents Were Affected By The Illinois Appellate Court Decision.

The rationale of the Court of Appeals

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* The emphasis is supplied.

for its original October 3, 1984 judgment as well as its July 18, 1985 judgment rests on the conclusion that only the private patents were affected by the Illinois Appellate Court's reversal of the state trial court decision. That conclusion itself violates §1738 in its own right.

Thus:

(1) The judgment Tsuetaki procured against Novicky in the Illinois Circuit Court was procured through "fraud" and "unconscionable behavior". No judgment so tainted can be given any collateral estoppel effect under any standards of fairness (Parklane Hosiery Co. v. Shore (1979), 439 U.S. 332.

(2) The Illinois Appellate Court held also that Syntex was an indispensable

party and that "due process" required its presence as a party before the state trial court could proceed with a disposition of the cause. The Illinois Circuit Court judgment, therefore, was void ab initio because the court lacked jurisdiction (Glickauf v. Moss (1st Dist., 1974), 23 Ill.App.3d 679, 320 N.E.2d 132; National Bank of Albany Park in Chicago v. S.N.H., Inc. (1st Dist., 1975), 32 Ill.App.3d 110, 336 N.E.2d 115).

(3) The Illinois Appellate Court decision reinstated (a) Novicky's affirmative defense of rescission of the agreement and Novicky's counterclaim seeking title to the patents in issue which had been dismissed by the Illinois trial court. If Novicky can prevail on either one of those issues in a retrial before the Illinois Circuit Court, then he can establish,

as against Tsuetaki (from whom Syntex derives its only rights), then Novicky is entitled to the patents in issue.

Anent point (3), the decision of the Illinois Appellate Court vacating the state court judgment reopens the very question of whether Novicky was obligated to reassign the '303 patent (and the others as well), and consequently reopens that very part of the judgment which the Federal Circuit has held should have a preclusive effect.

In sum, under the clear mandate of Marrese, the proceeding before the Illinois Appellate Court must be given "the same full faith and credit" in the Court of Appeals for the Federal Circuit as it has in the Illinois courts. And the Illinois courts have spoken, ruling that Novicky is entitled to a new trial.

The Federal Circuit's decision strips Novicky of that right, and thus the holding of the Federal Circuit amounts to improper interference of the federal courts with matters of purely state concerns.

CONCLUSION

The Court of Appeals gave a preclusive effect to a judgment which the Illinois Courts have held cannot stand. Petitioner prays, most respectfully, that the writ of certiorari again be issued to correct the error that this Court ordered be corrected when it granted certiorari before.

Respectfully submitted,

KEITH V. ROCKEY
135 South LaSalle Street
Chicago, Illinois 60603
(312) 346-0338

Attorney for Petitioner

85-1243

No.

Supreme Court, U.S.
FILED
DEC 27 1985
JOSEPH F. SPANIOL, JR.
CLERK

In the

Supreme Court of the United States

OCTOBER TERM, 1985

NICK N. NOVICKY,

Petitioner,

vs.

SYNTEX OPHTHALMICS, INC. and
ARAPAHOE CHEMICALS, INC.
(now SYNTEX CHEMICALS, INC.),

Respondents.

NICK N. NOVICKY,

Petitioner,

vs.

GEORGE F. TSUETAKI and FUSED KONTACTS
OF CHICAGO, INC.,

Respondents.

SUPPLEMENTAL APPENDIX

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IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT CHANCERY DIVISION

GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC. an Illinois Corporation, Plaintiffs,	)	
vs.	)	
NICK N. NOVICKY, Defendant,	)	NO. 80
	)	CH 4724
and	)	
NICK N. NOVICKY, Counter-Plaintiff,	)	
vs.	)	
GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., an Illinois Corporation, Counter-Defendant.	)	

VERIFIED ANSWER AND
COUNTERCLAIM OF DEFENDANT
NICK N. NOVICKY TO VERIFIED COMPLAINT
FOR INJUNCTION AND OTHER RELIEF

Defendant and Counter-Plaintiff, NICK N. NOVICKY, by his attorneys, KECK, MAHIN & CATE, answers the Verified Complaint For Injunction and Other Relief of the Plaintiffs and Counter-Defendants, GEORGE F. TSUETAKI

and FUSED KONTACTS OF CHICAGO, INC. and counter claims against said Plaintiffs and Counter-Defendants as follows:

COUNT I

1. Defendant and Counter-Plaintiff NICK N. NOVICKY (hereinafter "NOVICKY"), does not possess sufficient knowledge to form a belief as to the truth or falsity of the allegations contained in paragraph 1 of Count I of the Verified Complaint for Injunction and Other Relief (herein-after the "Complaint") of the Plaintiffs and Counter-Defendants, GEORGE F. TSUETAKI (hereinafter "TSUETAKI") and FUSED CONTACTS OF CHICAGO, INC. (hereinafter "FUSED") and therefore demands strict proof thereof.

2. NOVICKY admits the allegations contained in paragarph 2 of Count I of the Complaint.

3. NOVICKY admits the allegations contained in paragraph 3 of Count I of the Complaint.

4. NOVICKY denies the allegations contained in paragraph 4 of Count I of the Complaint. Furthering answer said allegations, NOVICKY states that in August, 1978 he did contact TSUETAKI and FUSED concerning the business of manufacturing and selling gas permeable contact lens and materials used for making gas permeable contact lens and other lens devices and that NOVICKY did sign the contract dated August 31, 1978, a copy of which is attached to the Complaint as Exhibit "A".

5. NOVICKY denies the allegations contained in paragraph 5 of Count I of the Complaint. Further answering said allegations, NOVICKY states the terms of the contract attached to the Complaint as Exhibit "A" did provide, inter alia, that NOVICKY shall be employed by TSEUTAKI (or FUSED, at TSUETAKI's convenience) for research and development work and for the purpose of developing materials and techniques useful in the produc-

tion of contact lens, contact lens blanks, materials used to make such lenses and blanks, chemical formulations and compositions used as ingredients or components of such lenses or lens blanks, and other materials.

6. NOVICKY admits the allegations contained in paragarph 6 of Count I of the Complaint.

7. NOVICKY denies the allegations contained in Paragraph 7 of Count I of the Complaint. Further answering said allegations NOVICKY states that FUSED did rent a facility in Northbrook, Illinois, and that TSUETAKI and FUSED established a division known as G & N Research Laboratories.

8. NOVICKY denies the allegations contained in Paragraph 8 of Count I of the Complaint. Further answering said allegations, NOVICKY states that after August 31, 1978, NOVICKY did conduct research and development in the field of plastics for developing formulations and techniques for producing plastic

contact lens and lens blanks and that during the course of his employment he did develop certain materials which appeared to be satisfactory for consumer use and appeared suitable for governmental approval.

9. NOVICKY admits the allegations contained in paragraph 9 of Count I of the Complaint.

10. NOVICKY does not possess sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 10 of Count I of the Complaint and therefore demands proof thereof.

11. NOVICKY denies the allegations contained in Paragraph 11 of Count I of the Complaint. Further answering said allegations, NOVICKY states that he cooperated with TSUETAKI's attorney, James Fitzgibbon, in the filing of a patent application (S.N. 081,682) for an invention conceived during NOVICKY's employment by TSUETAKI and FUSED.

12. NOVICKY denies the allegations contained in paragraph 12 of Count I of the Complaint.

13. NOVICKY denies the allegations contained in paragraph 13 of Count I of the Complaint.

14. NOVICKY denies the allegations contained in paragraph 14 of Count I of the Complaint.

15. NOVICKY denies the allegations contained in paragraph 15 of Count I of the Complaint.

16. NOVICKY denies the allegations contained in Paragraph 16 of Count I of the Complaint.

17. NOVICKY denies the allegations contained in paragraph 17 of Count I of the Complaint. Further answering said allegations, NOVICKY states that on June 18, 1980 he did submit a letter of resignation attached to the Complaint as Exhibit "G".

18. NOVICKY denies the allegations contained in paragraph 18 of Count I of the Complaint.

19. NOVICKY denies the allegations contained in paragraph 19 of Count I of the Complaint.

20. NOVICKY does not possess sufficient knowledge to form a belief as to the truth or fasity of the allegations contained in paragraph 20 of Count I of the Complaint and therefore demands strict proof thereof. Further answering said allegations, NOVICKY stated that:

(i) he did speak to TSUETAKI on June 27, 1980, and did inform him Mr. Stagemeyer was in the office at the G&N premises in Northbrook, but that NOVICKY never permitted Mr. Stagemeyer access to the laboratory located on the G&N premises in Northbrook;

(ii) on June 30, 1980, he informed TSUETAKI that he was too ill to report to work;

(iii) he arrived at the G & N premises at approximately 12:30 that day to pick up his mail; and

(iv) on said date, TSUETAKI and FUSED demanded that NOVICKY deliver over all of the books and records allegedly belonging to TSUETAKI and FUSED and that NOVICKY deliver over all keys to the premises and that he vacate the premises.

21. NOVICKY denies the allegations contained in paragraph 21 of Count I of the Complaint.

22. NOVICKY denies the allegations contained in paragraph 22 of Count I of the Complaint.

23. NOVICKY denies the allegations contained in paragraph 23 of Count I of the Complaint.

WHEREFORE, Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests that Count I of Plaintiffs' and Counter-Defendants', GEORGE

F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., Verified Complaint for Injunction and Other Relief be dismissed and that Defendant and Counter-Plaintiff, NICK N. NOVICKY, be granted his costs and such other relief as this Court deems equitable.

COUNT II

1-22. NOVICKY repeats and realleges paragraphs 1 through 22 of Count II as though restated herein for his answer to paragraph 1-22 of Count II of the Complaint.

23. NOVICKY denies the allegations contained in paragrapy 23 of Count II of the Complaint.

WHEREFORE, Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests that Count II of Plaintiffs' and Counter-Defendants', GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., Verified Complaint for Injunction and Other Relief be dismissed and that Defendant

and Counter-Plaintiff, NICK N. NOVICKY, be granted his costs and such other relief as this Court deems equitable.

COUNT III

1-22. NOVICKY repeats and realleges paragraphs 1 through 22 of Count I as though restated herein for the answers to paragraphs 1-22 of Count III of the Complaint.

23. NOVICKY denies the allegations contained in paragraph 23 of Count III of the Complaint.

24. NOVICKY denies the allegations contained in paragraph 24 of Count III of the Complaint. Further answering said allegations NOVICKY states that, pursuant to TSUETAKI's instructions or with TSUETAKI's knowledge, he has filed certain patent applications, S.N. 066,054 and S.N. 074,427 in the United States Patent Office.

WHEREFORE, Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests that Count III of Plaintiffs' and Counter-Defendants', GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., Verified Complaint for Injunction and Other Relief be dismissed and that Defendant and Counter-Plaintiff, NICK N. NOVICKY, be granted his costs and such other relief as this Court deems equitable.

FIRST AFFIRMATIVE DEFENSE

NOVICKY states as his first affirmative defense that TSUETAKI and FUSED by false promises and other deceptive practices fraudulently induced NOVICKY to enter into the Agreement attached to the Complaint as Exhibit A. Because of such fraudulent conduct by TSUETAKI and FUSED, NOVICKY is entitled to rescission and said Agreement is void and unenforceable.

WHEREFORE, Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests that Plaintiffs' and Counter-Defendants', GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., Verified Complaint for Injunction and Other Relief be dismissed and that Defendant and Counter-Plaintiff, NICK N. NOVICKY, be granted his costs and such other relief at this Court deems equitable.

SECOND AFFIRMATIVE DEFENSE

NOVICKY states as his second affirmative defense that COUNT I of the Complaint fails to allege specific facts concerning the alleged confidential information which was revealed to or developed by NOVICKY during the course of his employment by TSUETAKI and/or FUSED, but rather only alleges vague legal conclusions.

WHEREFORE, Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests that the

injunctive relief requested in paragraphs A, B and C of Count I of the Complaint be denied.

THIRD AFFIRMATIVE DEFENSE

NOVICKY states as his third affirmative defense that it was never the intent of the parties that NOVICKY's patent claims which are the subject of Patent Applications S.N. 066,054 and S.N. 74,427 be sold to TSUETAKI and/or FUSED pursuant to the August 31, 1978 Agreement and that TSUETAKI acknowledged such fact and waived and released any claim to NOVICKY's patent rights accruing from patent applications S.N. 066,054 and S.N. 74,427 in his letter to NOVICKY dated January 31, 1980 and attached to the Complaint as Exhibit "C".

WHEREFORE, Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests that the relief requested by Plaintiffs and Counter Defendants, GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., in Count III of the Complaint be denied.

COUNTER CLAIM

COUNT I

FRAUD IN THE INDUCEMENT

1. In approximately the beginning of August, 1978, NOVICKY contacted TSUETAKI and FUSED concerning the sale of a certain invention gas permeable contact lens material (hereinafter referred to as Fusefocon GN-1 material) developed by NOVICKY prior to that date.

2. After this initial contact, there were several later discussions between TSUETAKI and NOVICKY concerning said invention and the employment of NOVICKY by TSUETAKI or one of his companies in order to complete the development of said Fusefocon GN-1 material.

3. During the course of these discussions, TSUETAKI offered to purchase said invention from NOVICKY and to employ NOVICKY to develop said material on the following terms:

(i) a three year employment contract with an initial base salary of $22,500 per annum;

(ii) a $10,000 payment which was to be paid upon the date on which a patent application for the Fusefocon GN-1 material was filed, and an additional $10,000 payment which was to be paid upon the date on which a patent was granted persuant to said application;

(iii) a percentage of the profits from the sales of the Fusefocon GN-1 material and from the sales of any other material developed by NOVICKY; and

(iv) employee perquisites such as a company paid travel to European customers and cash bonuses.

4. On August 30, 1978, TSUETAKI and one of his attorneys, James Fitzgibbon, travelled to NOVICKY's apartment in Wheaton, Illinois and presented NOVICKY with the first written

proposal which purported to embody the terms of NOVICKY'S negotiations with TSUETAKI.

5. Said written proposal did not contain any provisions which related to the share of the profits on the sales of the Fusefocon GN-1 material or other material developed by NOVICKY which TSUETAKI had promised NOVICKY he would receive if he sold said invention to TSUETAKI, or which related to the employee perquisites which TSUETAKI had promised to NOVICKY.

6. At that date TSUETAKI stated to NOVICKY that it was not necessary to include in the written agreement specific provisions concerning NOVICKY'S share of the profits and his employee perquisites, since such items would be paid to NOVICKY persuant to paragraph 8 of the agreement or granted to him pursuant to TSUETAKI'S oral promises. Paragraph 8 provided for a "discretionary bonus" to be paid to NOVICKY by TSUETAKI at times

and in amounts to be determined in TSUETAKI'S sole discretion.

7. NOVICKY, a relatively recent immigrant to the United States (from Czechoslovakia in 1970), did not have a sophisticated knowledge of either the English language or contract law. As a result of such lack of sophistication NOVICKY did not understand the terms of the Agreement attached to the Complaint as Exhibit A or the legal ramifications thereof. NOVICKY, at all times therein, believed that TSUETAKI was legally bound to fulfill his oral promises to pay NOVICKY a percentage of the profits on the sales of the material developed from NOVICKY's inventions, including, but not limited to, Fusefocon GN-1 material and to provide him with employee perquisites.

8. After NOVICKY requested that one minor change be made in the agreement, TSUETAKI and his attorney, James Fitzgibbon,

returned to NOVICKY'S apartment on August 31, 1978, with a second version of the written agreement to be entered into by and between TSUETAKI and NOVICKY. Said agreement was identical to the one proposed on the previous day, except that the minor change requested by NOVICKY was made and that TSUETAKI, without consulting NOVICKY, had extended the term of the agreement from three to four years.

9. NOVICKY discovered the change in the length of the term of the agreement but after a discussion with TSUETAKI during which TSUETAKI further assured NOVICKY that TSUETAKI would keep his oral promises, NOVICKY executed the agreement which is attached to the Complaint as Exhibit "A" (hereinafter "Agreement").

10. At no time during the course of NOVICKY'S negotiations with TSUETAKI and FUSED did NOVICKY consult or have access to an attorney.

11. TSUETAKI and FUSED knew or should have known that NOVICKY did not have a sophisticated knowledge of either the English language or American law. In spite of this knowledge, TSUETAKI and FUSED did not suggest to NOVICKY that he consult an attorney, but rather stated to him that it was not necessary to consult an attorney because NOVICKY could "trust" TSUETAKI to fulfill his oral promises and obligations thereunder.

12. TSUETAKI also took active steps to prevent NOVICKY from having a chance to consult an attorney by stating several times that if NOVICKY did not immediately accept TSUETAKI'S offer as embodied in the Agreement, then such offer would terminate.

13. NOVICKY, in reliance on TSUETAKI's oral promises that TSUETAKI would pay to NOVICKY a percentage of the profits resulting from the sale of the Fusefocon GN-1 material and NOVICKY'S other inventions and research,

and that NOVICKY would be entitled to certain employee perquisities, executed in the Employment Agreement on August 31, 1978.

14. TSUETAKI at all times during said negotiations knew that the written Agreement did not contain any specific terms which required him to pay NOVICKY any portion of the profits from the sales of Fusefocon GN-1 material or any other material developed by NOVICKY or which required FUSED and/or TSUETAKI to provide NOVICKY with company paid travel and other employee perquisites. TSUETAKI fraudulently made such oral promises, with knowledge that NOVICKY was unsophisticated in his undertaking of the English language and American law, for the purpose of obtaining NOVICKY's inventions and research capabilities and with no intentions of honoring such promises.

15. During the first several months of the term of the Employment Agreement, TSUETAKI continued to make further oral promises to NOVICKY that he would receive a share of

the profits resulting from the sales of the products produced from NOVICKY'S inventions and research, including but not limited to the Fusefocon GN-1 material.

16. During said time period, TSUETAKI established a division of FUSED entitled G&N Research Laboratories, Inc. The G&N stood for "George" and "Nick" and the division was so entitled to create the impression in NOVICKY'S mind that he was a partner with TSUETAKI and as such would be entitled to a portion of the profits of their common enterprise.

17. Induced by TSUETAKI'S oral promises that he would receive a portion of the profits resulting from the sales of materials produced and developed by him, NOVICKY diligently fulfilled the obligations of the Employment from August 31, 1978 until June 30, 1980. During said time period, NOVICKY developed the production process for Fusefocon GN-1 material.

18. In addition, during the period from August 31, 1978 until June 30, 1980 NOVICKY, based on research conducted by NOVICKY prior to his employement by TSUETAKI and FUSED developed materials which are the subject of two other patent applications, 072,449 and 103,408. NOVICKY also developed the material which was the subject of another patent application, 081,682. Such material was a refinement of a competitor's product. All such applications were assigned by NOVICKY to TSUETAKI, pursuant to the terms of the Agreement.

19. Production and sales of the materials produced as a result of NOVICKY'S inventions and research began in approximately April, 1979.

20. TSUETAKI, in spite of numerous requests by NOVICKY, did not fulfill his oral promises and obligations to pay to NOVICKY any portion of the profits from the sales of such materials.

21. On May 16, 1980, TSUETAKI, pursuant to a letter attached to the Complaint as Exhibit F, finally offered to pay to NOVICKY the sum of $1.00 for each standard rod of Fusefocon GN-1 material produced. TSUETAKI, however, failed to comply with the terms of said offer and did not pay to NOVICKY the sum of $1.00 for each standard rod of Fusefocon GN-1 material.

22. TSUETAKI also failed to fulfill his promises to provide NOVICKY with company-paid travel to European customers; but rather actively prevented Novicky from having contact with said customers by refusing to disclose to NOVICKY the identity of said customers and by forbidding NOVICKY to attend trade meetings involving the contact lens industry and from entering science contests in the contact lens industry.

23. During the course of NOVICKY'S employment with FUSED and TSUETAKI, TSUETAKI

continued to attempt to take advantage of NOVICKY'S lack of legal sophistication. In April of 1980, TSUETAKI presented NOVICKY with a "Supplemental Agreement", a true and correct copy of which is attached hereto as Exhibit "1". Among the onerous and unconscionable privisions contained therein were two paragraphs, 3 and 46, which purported to permit TSUETAKI to require NOVICKY to work for TSUETAKI for the rest of his life, yet permitted TSUETAKI to terminate the Agreement and the Supplemental Agreement without notice.

24. At all times herein:

(i) NOVICKY acted in reliance on TSUETAKI'S promises that NOVICKY would be paid a portion of profits resulting from the sales of materials produced from his inventions and would be given employee perquisites;

(ii) TSUETAKI knew he should have known that NOVICKY was acting in reliance on such promises;

(iii) TSUETAKI had no intention of paying to NOVICKY any portion of the profits resulting from sales of Fusefocon GN-1 material or any other material produced or developed by NOVICKY;

(iv) NOVICKY would not have agreed to enter into the Agreement except for TSUETAKI'S promises that NOVICKY would be paid a portion of the profits rsulting from sales of materials produced from his inventions and that NOVICKY would be entitled to employee perquisites; and

(v) NOVICKY was materially damaged by the failure to TSUETAKI to fulfill such promises.

WHEEFORE, the Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests the following relief:

a. For an order declaring the Agreement to be null and void for failure of consideration and fraud.

b. For an order requiring the Plaintiffs and Counter-Defendants to reassign to the Defendant and Counter-Plaintiff the following patent or patent applications:

(i) 006725;

(ii) 072,449; and

(iii) 103,408.

c. For an order requiring Plaintiffs and Counter-Defendants to submit to Defendant and Counter-Plaintiff an accounting of all sales of any material or item which is based on or composed of the materials which are the subject of the patent applications listed in (b) above and to pay the Defendant and Counter-Plaintiff all profits resulting from such sales.

d. For an order declaring that Plaintiffs and Counter-Defendants have no right, title or interest in patent applications 66054 and 74427;

e. For punitive damages in the amount of $250,000.00; and

f. For such other relief as this Court deems just and equitable.

COUNT II

BREACH OF CONTRACT

1-22. NOVICKY realleges and restates paragraphs 1 through 22 enclusive of Count I of the Counterclaim as paragraphs 1 through 22 enclusive of Court III of the Counterclaim.

23. At no time between August 31, 1978 and the date hereof has TSUETAKI ever paid NOVICKY any portion of the profits resulting from the sales of Fusefocon GN-1 material or any other material developed by NOVICKY during the period between August 31, 1978 and June 30, 1980.

24. Pursuant to TSUETAKI'S promises to NOVICKY, NOVICKY is entitled to a reasonable portion of such profits.

25. A reasonable portion of such profits is equal to five percent (5%) of the sales price of all item produced from Fusefocon GN-1 material or any material which is the subject of patent applications 072,449 and 103,408.

WHEREFORE, the Defendant and Counter-Plaintiff, NICK N. NOVICKY, requests the following relief:

(a) For an order requiring the Plaintiffs and Counter-Defendants to submit to Defendant and Counter-Plaintiff an accounting of all sales of any mateiral or item which is based on or composed of any of the Fusefocon GN-1 material in the materials which are the subject of patent applications 072,449 and 103,408.

(b) For an order requiring the Plaintiffs and Counter-Defendants to pay to the Defendant and Counter-Plaintiff the sum equal to five percent (5%) of the gross sales price

of all such sales as shown by the accounting requested in (a) above.

(c) For an order requiring the Plaintiffs and Counter-Defendants to pay to Defendant and Counter-Plaintiff a sum equal to five percent (5%) of the gross sales price of all future sales of any such materials.

(d) For such other relief as this Court deems fair and equitable.

COUNT III

BREACH OF CONTRACT

1-22. NOVICKY realleges and restates paragraph 1 through 22 inclusive of Count I of the Counterclaim as paragraphs 1 through 22 inclusive of Count III of the Counterclaim.

23. TSUETAKI and FUSED failed to fulfill their obligation to pay NOVICKY $1.00 per each rod of Fusefocon GN-1 material which met the specifications stated in the document attached to the Complaint as Exhibit "F".

WHEREFORE, the defendant and counter-plaintiff prays for the following relief:

(a) For an order requiring TSUETAKI and FUSED to submit to NOVICKY an accounting of all rods produced between May 16, 1980 and June 30, 1980 by FUSED, TSUETAKI or any corporation or business entity controlled by TSUETAKI or in which TSUETAKI has an interest.

(b) For an order requiring TSUETAKI and FUSED to pay to NOVICKY the sum of $1.00 for each rod so produced by FUSED, TSUETAKI or any corporation or business entity controlled by TSUETAKI or in which TSUETAKI has an interest.

(c) For such other relief as this Court deems fair and equitable.

KECK, MAHIN & CATE, Attorneys
for Defendant and Counter-Plaintiff
NICK N. NOVICKY

OF COUNSEL:

James G. Hiering
John T. McEnroe
8300 Sears Tower
233 South Wacker
Chicago, Illinois 60606
(312) 876-3400

V E R I F I C A T I O N

I, Nick N. Novicky being first duly sworn, on oath depose and state that I have read the foregoing answer and counterclaim; that the allegations therein contained are true in substance and in fact; that with regard to the allegations made upon information, I am informed and do believe the truth such allegations; and that the statements contained therein that I am without sufficient information to answer the allegations contained in Paragraphs 1, 10, 20 of Counts I, II and III of the Plaintiffs' and Counterdefendants' complaint are true.

_____
Nick N. Novicky

SUBSCRIBED AND SWORN TO
before me this 31st day of
July, 1980

_____
NOTARY PUBLIC

THIRD DIVISION
DECEMBER 7, 1983

81-1727/
81-2857

GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC., an Illinois corporation,	)	APPEAL FROM THE CIRCUIT COURT OF COOK COUNTY.
Plaintiffs-Appellees,	)	HONORABLE REGINALD J. HOLZER, JUDGE PRESIDING.
vs.	)	
NICK N. NOVICKY,	)	
Defendant-Appellant.	)	

JUSTICE McGILLICUDDY delivered the opinion of the court:

Following a bench trial, defendant, Nick Novicky (Novicky), was found to have breached his employment contract with plaintiffs, George F. Tsuetaki and Fused Kontacts of Chicago, Inc. (Tsuetaki). The trial court also found that modifications of the contract

were void for duress, fraud and lack of consideration. An order was entered granting the injunctive relief sought by Tsuetaki, and ordering Novicky to return sums of money received pursuant to the contract modifications.

On appeal Novicky asserts (1) the injunction is overly broad, permanently precluding him from disseminating any and all information relating to the manufacturing of gas permeable contact lenses, thus effectively precluding him from pursuing his career; (2) the modifications of his employment contract were valid and not obtained by duress or fraud; (3) the order of the circuit court is void for failure to join an indispensable party to the litigation; and (4) the circuit court erred in dismissing Novicky's petition for rehearing based on section 72 of the Civil Practice Act (Ill. Rev. Stat. 1979, ch. 110, par. 72), now codified as section 2-1401 of

the Code of Civil Procedure (Ill. Rev. Stat. 1981, ch. 110, par. 2-1401).

At trial, Tsuetaki testified that he was a doctor of optometry doing business as Fused Kontacts, Inc. The corporation makes contact lenses for sale to doctors, labs and patients. In August 1978, Novicky, a chemist, stated to Tsuetaki that he had developed a new composition for gas permeable contact lenses that he wanted to sell to him. Tsuetaki signed a security agreement, providing that he would not analyze materials received from Novicky at that time, but that, if a business arrangement were reached, all technology would become the property of Tsuetaki.

Subsequently, Tsuetaki and Novicky met with Tsuetaki's patent attorney regarding the new composition for gas permeable contact lenses. Although Novicky had previously been employed as a chemist by Syntex Opthalmics, Inc., and/or Arapahoe Chemicals, Inc., (col-

lectively Syntex), a manufacturer of gas permeable contact lenses, Novicky maintained that he had developed the material offered to Tsuetaki after leaving Syntex and while working on his master degree at the University of Denver. Novicky represented that his invention did not infringe any patent owned by Syntex.

Tsuetaki and Novicky entered into an employment agreement for the period from September 1, 1978 to August 31, 1982, providing that Novicky would be employed to develop material and techniques useful for the production of contact lenses and related items. He was to be paid an annual salary of $22,500 adjusted annually to reflect increases in the cost of living and a discretionary bonus. In addition, in exchange for a present assignment of all rights to any inventions previously made by Novicky, he was to receive (1) $10,000 for each patent application covering developments made by Novicky for use in making contact

lenses and related items, approved by Tsuetaki and filed in the United States Patent Office; and (2) an additional $10,000 when and if a United States patent was issued on the application.

In return, Novicky assigned all inventions, developments and improvements to be made in the future to Tsuetaki during his life of the agreement plus six months thereafter. Novicky also agreed to keep the subject of his work "confidential" as long as such information had value to Tsuetaki or was still confidential.

The employment contract was signed on August 31, 1978, and Novicky began work in a laboratory provided by Tsuetaki. Novicky made rods of material from which his employer cut discs to make contact lenses. Tsuetaki tested the lenses by wearing them himself. He would then suggest to Novicky changes that might be made to improve the lenses. Eventually

they developed a material which they called "GN-1," and patent application serial number 6752 was filed in Novicky's name covering the GN-1 material. Pursuant to the agreement, Novicky was paid $10,000 at filing and $10,000 when the patent was officially allowed.

After the 6752 application was filed, Novicky filed two more applications for other inventions of which Tsuetaki was advised and which Novicky agrees belong to Tsuetaki. Novicky also filed three additional patent applications for other inventions, two of which he refers to as "private patents". Novicky testified that Tsuetaki was uninterested in these two patents and freely signed a statement in January 1980, waiving all rights to them. Tsuetaki, however, testified that he signed the waiver under duress and fraud and without consideration. The alleged duress was a backlog of orders which could only be filled by the production of the rods by Novicky.

The alleged fraud was Novicky's assurance that the two private patents were inferior to, and thus not competitive with, those assigned to Tsuetaki. However, following expert testimony, the trial court found that the private patents were competitive with GN-1. The court also found that Tsuetaki had signed the waiver under duress since the alternative was a complete shutdown of operations because of the stoppage of the production of the rods by Novicky.

The employment contract was further modified in May 1980, when Tsuetaki agreed to pay Novicky a royalty of $1.00 per rod for all GN-1 material produced. Tsuetaki testified that this agreement, too, was the product of duress. Novicky had started a production slowdown. Tsuetaki allegedly had a backlog of orders for 42,000 GN-1 blanks or 1900 rods and no personnel other than Novicky to produce them. At approximately the same time Novicky also requested and received from Tsuetaki an

additional $3,000 for preparation of a United States Food and Drug Administration file seeking approval of the GN-1 material. Again, Tsuetaki testified that he acted under duress. In June 1980, Novicky tendered his resignation to Tsuetaki.

The trial court found that Novicky had violated his employment agreement and on January 13, 1981, entered judgment for Tsuetaki, ordering Novicky to repay the $3,000. The judgment order also included an injunction which provided:

> "(4) NICK N. NOVICKY is hereby enjoined from disclosing to any person or entity the contents in whole or in part of any laboratory books and records dealing with the experiments, research, progress and development of the technology involved in the manufacture of contact lenses, including, but not limited to, those which could, would or did lead to the filing of letters patent. NICK N. NOVICKY is also enjoined from otherwise disseminating matters confidential to GEORGE TSUETAKI and/or FUSED KONTACTS OF CHICAGO".

On October 24, 1980, Syntex had requested permission to monitor the circuit court proceedings. Tsuetaki and Novicky objected. The trial court denied the request. On November 19, 1980, Syntex filed suit against Tsuetaki and Novicky in the United States District Court for the Northern District of Illinois alleging that Tsuetaki had wrongfully obtained Syntex's trade secrets from Novicky.

On February 18, 1981, Novicky filed a post-trial motion seeking modification of the judgment of January 13, 1981. Novicky contended that the injunction in paragraph (4) was overly broad, and that it was anomalous since Novicky was not precluded from manufacturing contact lenses using confidential information and processes belonging to Tsuetaki, as long as that information or process was not disclosed to any other person or entity.

Tsuetaki filed a petition for Rule to Show Cause on February 11, 1981, contending

that Novicky had improperly conferred with an attorney for Syntex, regarding the case in Federal court in which Novicky was appearing pro se. In response to the petition for Rule to Show Cause and in support of its own cross-petition for a stay of the injunction entered by the circuit court on January 13, 1981, Syntex submitted a memorandum stating that Novicky had agreed not to disclose or use contact lens-related trade secrets learned during the five years he had worked for Syntex. While Novicky worked for Syntex he had allegedly developed methods of making contact lenses, generating a Patent Disclosure executed on December 15, 1977, by three Syntex employees. Although this patent belonged to Syntex, it was allegedly substantially similar to the patent awarded to Tsuetaki in the January 13, 1981 judgment. Further, the judgment required Novicky to transfer to Tsuetaki documents allegedly belonging to Syntex and drafted by

Novicky during his employment there. Syntex requested the trial court to enter a protective order staying certain paragraphs of its order pending the decision of the Federal court regarding the rights of the parties.

On February 24, 1981, Syntex filed a Special and Limited Appearance to contest personal jurisdiction of the state court. On July 10, 1981, the trial court held that Syntex, by filing its cross-petition and its response to the petition for Rule to Show Cause, had made a general appearance thereby submitting itself to the jurisdiction of the trial court. The court, further, denied Syntex's petition for a protective order. Novicky's post-trial motion was also denied.

Novicky appeals the January 13, 1981 and July 10, 1981 decision of the circuit court. In addition, he filed a petition pursuant to section 72 of the Civil Practice Act (Ill. Rev. Stat. 1979, ch. 110, par. 72),

now codified as section 2-1401 of the Code of Civil Procedure (Ill. Rev. Stat. 1981, ch. 110, par. 2-1401), on the basis of testimony given by Tsuetaki and by Fused's comptroller, in the Federal case against both Tsuetaki and Novicky. Novicky asserted in his petition that (1) evidence given by Tsuetaki and the comptroller in the Federal case directly contradicted testimony relied upon by the circuit court in its resolution of the case in the circuit court; and (2) evidence in the Federal case established that Syntex was an indispensable party who should have been joined to the circuit court action. Tsuetaki filed a motion to strike the section 72 petition. The court granted the motion to strike. Novicky also appeals this order.

I.

We first address the issue of the dismissal of the section 72 petition which alleged that the evidence given by Tsuetaki in the circuit

court was contradicted by subsequent depositions given by Tsuetaki in the Syntex case in the Federal court. Tsuetaki and his comptroller, Bill Vranas (Vranas), testified in the trial of the instant case in support of Tsuetaki's claim of coercion and duress that Tsuetaki had not been able to fill his orders for lenses during the summer of 1980 because of Novicky's refusal to produce sufficient material and his lack of other personnel to manufacture the material. However, according to their depositions in the Federal case, not only had Tsuetaki been able to fill his orders on July 3, 1980 and July 15, 1980, from material made by Novicky before his resignation, but Vranas testified further that sales were in fact "bad" during the summer of 1980 and that when Tsuetaki resumed production without Novicky he still had an inventory over 1,000 "buttons" produced by Novicky. This is inconsistent with Vranas' and Tsuetaki's testimony in the circuit court.

Concerning Novicky's so-called "private patents", Tsuetaki testified in circuit court in support of his allegation that Novicky had coerced him into waiving his interest in those patents:

> "I asked Mr. Novicky, what do you want to do. What do I have to do in order that we can have production and satisfy our needs? **** I had no choice but to sign this."

However, in his deposition in the Federal case filed by Syntex, Tsuetaki stated that about six months after the commencement of the employment agreement Novicky had offered him the private patents for $10,000. Tsuetaki stated that he simply did not wish to accept his offer. Again this contradicts the testimony in the instant case.

Further, regarding the alleged duress resulting from Tsuetaki's complete dependence on Novicky for the production of lenses due to a lack of other qualified employees, the

Federal deposition revealed that Tsuetaki had actually opened a second laboratory, Paragon Research Corporation, before Novicky resigned. In the instant case, on the other hand, Tsuetaki had testified that he had "no desire" to open another laboratory facility and that Novicky would not have permitted him to hire an additional chemist.

In addition, in the circuit court, counsel for Tsuetaki referred to Novicky as having "extorted" the $3,000 received for preparation of the United States Food and Drug Administration file, claiming that the typing bills in conjunction with the preparation of the file had amounted to only $54. The actual bills, disgorged in the Federal court proceeding, totaled approximately $1,400.

In the section 72 petition Novicky also alleged that Syntex was an indispensable party to the circuit court case, based on Syntex's assertions in the Federal case that it had a

proprietary interest in the subject matter of this case. Novicky's section 72 petition was supported by his affidavit and memorandum.

Tsuetaki filed a motion to dismiss the section 72 petition alleging that it was insufficient at law to state a claim for relief. The circuit court entered an order striking the section 72 petition on the basis that the newly discovered evidence could have been presented at the trial if Novicky had exercised due diligence.

First, we note that for purposes of a section 72 petition, as in other pleadings, failure to answer the allegations of the petition constitutes an admission. (Campbell v. Kaczmarek (1976), 39 Ill. App. 3d 465, 350 N.E.2d 97.) Therefore, we must accept Novicky's allegations as true and the only issue before this court is whether the petition and its supporting affidavit adequately set forth facts to show that the trial court abused its discretion in

denying the petition. (Colletti v. Schrieffer's Motor Service Inc. (1962), 38 Ill. App. 2d 128, 186 N.E.2d 659.) A court of review may disturb a trial court's decision regarding a section 72 petition only if it finds that the court abused its discretion. Stallworth v. Thomas (1980), 83 Ill. App. 3d 747, 404 N.E.2d 554.

The criteria for a successful section 72 petition are well established. A party must demonstrate: (1) the existence of a meritorious defense or claim; (2) due diligence in presenting this defense or claim to the court in the original action; (3) that, through no fault of his own, an error was made or a defense or claim was not raised; and (4) due diligence in filing the petition. In addition, the petition must set forth specific factual allegations in support of each element in order to prevail. Stallworth v. Thomas.

The purpose of section 72 petition is to permit the vacation of judgments where facts exist which, had they been known to the trial court, would have precluded the judgment. (Diacou v. Palos State Bank (1976), 65 Ill. 2d 304, 357 N.E.2d 518; People v. Hinton (1972), 52 Ill. 2d 239, 287 N.E.2d 657, cert. denied (1973), 410 U.S. 940.) It must be a fact that influenced the court in its judgment but about which the court was in error. Further, the petitioner must demonstrate that through no fault or neglect of his own the error of fact could not have been discovered at the time of the original proceeding. (People v. Jennings (1971), 48 Ill. 2d 295, 269 N.E.2d 474; People v. Stewart (1978), 66 Ill. App. 3d 342, 383 N.E.2d 1179.) Section 72 is an appropriate remedy where the omission of a valid defense was caused by fraud, duress or excusable mistake. It is not intended to relieve a party of the consequences of his

own negligence or mistake. Diacou v. Palos State Bank; People v. Stewart.

It is our opinion that Novicky has alleged specific facts in his petition, recounted above, which could have led the circuit court to a different decision regarding the agreement between him and Tsuetaki, as well as the modifications of that agreement, had they been known at the time of judgment. The cornerstone of Tsuetaki's case was his claim of economic duress produced by Novicky's alleged refusal to produce sufficient material to fill Tsuetaki's orders for contact lenses. It was on this basis that the trial court held the modifications of the employment agreement to have been made under duress and therefore unenforceable. Depositions taken during discovery in the Syntex Federal case -- the testimony of Tsuetaki himself as well as that of Bill Vranas, the two principal witnesses in the action against Novicky -- refute this. Thus, we

believe that Novicky has presented a meritorious defense and the initial requirement for a successful section 72 petition has been satisfied.

In his petition Novicky stated, in support of the due diligence requirement, that these facts were not brought out at trial because, as an individual, he was economically precluded from the scope of discovery available to Syntex, a corporation. While this may not be sufficient to establish due diligence in itself, we note that the equitable powers of the court are invoked in the consideration of section 72 petitions (Elfman v. Evanston Bus Co. (1963), 27 Ill. 2d 609, 190 N.E.2d 348), and that section 72 relief is granted to achieve justice, and that a liberal construction is used to achieve that end. (Elfman v. Evanston Bus Co.; Electrical Wholesalers, Inc. v. Silverstein (1977), 47 Ill. App. 3d 689, 365 N.E.3d 375.) The requirement of due diligence need not be

rigidly enforced when fraud or unconscionable behavior is shown. (Department of Public Works & Building v. O'Hare International Bank (1976), 44 Ill. App. 3d 934, 358 N.E.2d 1308; see Esczuk v. Chicago Transit Authority (1968), 39 Ill. 2d 464, 236 N.E.2d 719.) We believe that the apparently false testimony given by Tsuetaki and Vranas may fairly be characterized as fraud.

Further, it is our opinion that Tsuetaki's self-serving testimony, depending upon the court in which he had been called to testify or to give a deposition, constituted unconscionable behavior. Since it can hardly be attributed to any fault on Novicky's part that Tsuetaki and Vranas did not testify truthfully, we conclude that the requirement of due diligence has been satisfied and that the trial court abused its discretion in dismissing Novicky's section 72 petition. Thus, the judgment of the trial court is vacated and this matter is remanded for further proceedings.

II.

We next address the issue of Syntex as a necessary party. We first note that we do not believe that Syntex should be joined on the basis of the section 72 petition, since as Syntex's former employee any fault for the failure to join Syntex originally must be attributed to Novicky. Relief pursuant to section 72 is not designed to remedy the consequences of a party's own negligence. Diacou v. Palos State Bank (1976), 65 Ill. 2d 304, 357 N.E.2d 518.

However, it is well established that if a complete determination of a controversy cannot be had without the presence of a party, or if a person, not a party, has a property interest which a judgment may affect, the court on application shall direct him to be made a party. (Ill. Rev. Stat. 1979, ch. 110, par. 25(1), now codified as section 2-406(a) of the Code of Civil Procedure (Ill. Rev.

Stat. 1981, ch. 110, par. 2-406(a)); (Lain v. John Hancock Mutual LIfe Insurance Co. (1979), 79 Ill. App. 3d 264, 398 N.E.2d 278; Lerner v. Zipperman (1979), 69 Ill. App. 3d 620, 387 N.E.2d 946.) This is required by fundamental principles of due process, since a court is without jurisdiction to enter a decree or judgment which affects a right or interest of someone not before that court. (Lerner v. Zipperman.) The requirement of joinder of necessary parties is absolute and inflexible and therefore an appellate court has a duty to enforce the principle of law requiring the joinder of parties sua sponte as soon as it is brought to its attention. Lerner v. Zipperman.

In our opinion due process requires that Syntex be joined to this action upon remand. Syntex is clearly a necessary party since it is manifest from the record as well as the parties' briefs on appeal that, as

Novicky's former employer, Syntex has claimed a property interest in the same alleged trade secrets and patented processes that are the subject matter of the controversy between Novicky and Tsuetaki. A judgment enjoining Novicky from the use or dissemination of this information, while allowing Tsuetaki to proceed freely, could infringe the rights of Syntex, as could a contrary disposition. Therefore, we hold that upon remand Syntex must be joined as a necessary party.

III.

Finally, since the issue is likely to arise again upon remand, we address the scope of the injunction against Novicky. An injunction should be reasonable and should only be as broad as is essential to safeguard the rights of the plaintiff. (Village of Wilsonville v. SCA Services, Inc. (1981), 86 Ill. 2d 1, 426 N.E.2d 824.) Furthermore, as a general rule, an injunctive order should not be broader

in scope than the relief sought in the pleadings. (Cook County v. Rosen & Shane Wine & Spirits, Inc. (1978), 58 Ill. App. 3d 744, 374 N.E.2d 838; Schlicksup Drug Co., Inc. v. Schlicksup (1970), 129, Ill. App. 2d 181, 262 N.E.2d 713.) We agree with Novicky that the apparently perpetual injunction entered by the trial court essentially enjoining him from disclosing any and all information relating to the manufacture of contact lenses, including but not limited to information which could, would or did lead to the filing of applications for letters patent, is too broad. The granting of the injunction is reversed. To aid in the enforceability of any possible future injunction, the trial court should delineate with greater specificity precisely which information may not be disclosed or used, and for what period of time.

For the foregoing reasons, the judgment of the circuit court of Cook County is reversed and remanded for a new trial.

Reversed and remanded.

McNAMARA, P.J., and RIZZI, J., concur.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

SYNTEX OPHTHALMICS, INC., et al., Appellees, v. NICK N. NOVICKY, et al., Appellants.	)	Appeal No. 83-838
GEORGE F. TSUETAKI, et al.,* Appellees, v. NICK N. NOVICKY, et al., Appellants.	)	Appeal No. 84-857

DECIDED: July 18, 1985

Before DAVIS, Circuit Judge, NICHOLS, Senior Circuit Judge, and BALDWIN, Circuit Judge.

PER CURIAM.

This case is back on remand from the Supreme Court. Our original opinion issued

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* As in our original consideration of the case, Tsuetaki et al. did not participate in the proceedings on remand. Also as before, we treat this as one appeal.

on October 3, 1984, 745 F.2d 1423, 223 USPQ 695, and we shall not restate its contents. Novicky filed a petition for certiorari, mainly relating to the effect we gave to the Illinois state judgment. On March 18, 1985 the Supreme Court granted certiorari, vacated our judgment, and remanded the case "for further consideration in light of Marrese v. American Academy of Orthopaedic Surgeons, 470 U.S. ____ (1985)." 53 U.S.L.W. 3668. We asked Novicky and Syntex for supplemental briefs on the single question of the effect of Marrese on our prior decision in this case. Those briefs have been filed and the case is now ready again for disposition.

I.

We are not certain whether the Supreme Court vacated our entire judgment (including those portions as to which certiorari was not sought). See O'Connor v. Donaldson, (422 U.S. 563, 577 n.12 (1975). Because such a

full vacation may have occurred, we now reinstate, without more, the parts of our opinion and judgment (a) remanding to the District Court the question of Syntex's title to the '483 and '983 patents (the "private patents"), (b) reversing the District Court's dismissal of Novicky's counterclaim for fraud and unjust enrichment regarding those patents, (c) affirming the District Court's judgment that Novicky misappropriated Syntex's trade secrets, (d) reversing the District Court's final injunction and remanding for further consideration of the duration and terms of that injunction in accordance with our opinion of October 3, 1984, and (e) affirming the denial of Novicky's motion to remand the state action back to the state court. Those parts of our prior judgment and opinion have nothing to do with the Supreme Court's Marrese decision and opinion, and are in no way affected by either.

II.

The Supreme Court's Marrese decision, 53 U.S.L.W. 4265, does relate to our holding that the state courts' decision that Tsuetaki (now Syntex) owns the "non-private" patents is entitled to preclusive effect in the present federal case. See 745 F.2d at 1431-33, 223 USPQ at 701-702. Accordingly, we have reexamined that conclusion in the light of the Marrese holding that, where a prior state court judgment is involved in a federal suit, federal courts should apply the state's preclusion rules on issues of res judicata.

Illinois applies the same principles of claim preclusion as does the federal law cited in our prior opinion. 745 F.2d at 1432, 223 USPQ at 702. A recent Illinois Supreme Court decision stated: "[A] final judgment rendered by a court of competent jurisdiction on the merits is conclusive of the rights of the parties and their privies,

and, as to them, constitutes an absolute bar to a subsequent action involving the same claim, demand or cause of action." Spiller v. Continental Tube Co., 95 Ill. 2d 423, 447 N.E.2d 834, 838 (1983). The same rule was applied by the Illinois Appellate Court in holding that a prior decision of a federal bankruptcy court precluded a later Illinois suit on the same claim: "The value of a plea of res judicata is not determined by the reasons given by a court in support of that judgment nor is it mitigated by the fact that it rests upon an erroneous view of the law. [Citations omitted.] Consequently, a cause of action by a court of competent jurisdiction [sic] cannot be tried again in new proceedings before the same or a different tribunal, except in a direct action to set aside the prior adjudication." In re Donnellan, 90 Ill. App. 3d 1032, 414 N.E.2d 167, 171 (1980). It follows that, under Illinois pre-

clusion law (as under federal law), the decisions of the state trial court and of the Appellate Court that Novicky did not own the "non-private" patents (see 745 F.2d at 1431-32, 223 USPQ at 701-702) "are entitled to preclusive effect." 745 F.2d at 1432, 223 USPQ at 701.[1/]

Novicky tells us that these general Illinois preclusion rules are overborne by another supposed rule, i.e., that an appellate court's mandate of remand is treated by Illinois law as determinative "as distinguished from its opinion." (Brief of Defendant-Appellant Novicky on Remand, p.6.) This supposed rule is invoked because the Illinois Appellate

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[1/] As we previously said (745 F.2d at 1432 n.17, 223 USPQ at 701-702 n.17), the fact that a rehearing petition appears to be still pending in the state appellate court does not prevent that court's judgment from having conclusive effect. See Sixty-Third & Halsted Realty Co. v. Goldblatt Bros., 342 Ill. App. 389, 96 N.E.2d 838, 843, aff'd 410 Ill. 468, 102 N.E.2d Ill. 2d 291, 427 N.E.2d 563, 570 (1981).

Court ended its opinion as follows: "For the foregoing reasons, the judgment of the circuit court of Cook County is reversed and remanded for a new trial." That mandate is said wholly to wipe out the state trial court's decision, even though the Appellate Court's opinion indicates that it accepted the part of the trial decision bearing on the ownership of the "non-private" patents. But the two Illinois decisions Novicky cites (in support of his argument) stand for quite a different general principle -- that the mandate should be construed in the light of the opinion and the trial court should abide by that mandate and not act beyond its dictates. PSL Realty Co. v. Granite Inv. Co., 86 Ill. 2d 291, 427 N.E. 2d 563, 571 (1981) ("In construing the language [of the mandate] matters which are implied may be considered embraced by the mandate. [Citations omitted.] The trial court may only do those things directed in the mandate. [Citation omitted.] The trial court

has no authority to act beyond the dictates of the mandate."); Bradley v. Howard Hembrough Volkswagen, Inc., 89 Ill. App. 3d 121, 124, 411 N.E.2d 535, 537 ("When a trial court's judgment is reversed, the trial court is clearly bound by the appellate court's determination of all questions decided and can only act in such proceedings in a manner as conforms to the appellate court's judgment").[2/]

[2/] Other Illinois opinions (not cited by Novicky) contain comparable (and even more explicit) language. See Pittsburgh, C., C. & St. L. Ry. Co. v. Gage, 286 Ill. 213, 217, 121 N.E. 582, 584 (1918) ("Where a judgment is reversed by an appellate court, the judgment of the appellate court is final upon all questions decided, and those questions are no longer open to consideration. If the cause has been remanded, the court to which it is remanded can take only such proceedings as conform to the judgment of the appellate court. If specific directions are given, the court can do nothing but carry out the specific directions. If specific directions are not given, it must be determined from the nature of the case what further proceedings are proper, and it is the duty of the court to which the cause is remanded to examine the opinion and proceed in conformity with it."); Shlensky v. South Parkway Building Corp., 44 Ill. App. 2d 135, 194 N.E.2d 35, 38 (1963) ("It was the duty of the Circuit Court to examine the opinion of the Supreme Court and proceed in conformity with it.").

Here, it is clear that the Illinois Appellate Court reversed and remanded for a new trial on aspects of the case other than the ownership of the "non-private" patents (the aspects on which remand was ordered were treated at length in the appellate opinion) and that that specific direction to the trial court was incorporated in the initial phrase of the mandate, "For the foregoing reasons, the judgment . . . is reversed and remanded." Conversely, under Illinois law, the unreversed parts of the trial court judgment (in particular, the decision as to the ownership of the "non-private" patents) remained outstanding, unaffected by the reversal/remand, and formed a part of the Appellate Court's mandate. In short, Novicky has no viable exception to the Illinois preclusion rules on which to rest.

III.

Novicky asks us, at this late stage, to

order the District Court to abstain from further proceedings, at least until the state court proceeding is completed. This is a new argument and we decline to consider it now. We have very little information on the current status of the proceedings below, or of those in the state courts -- and we have no basis whatever for any judgment of our own on appropriateness, convenience, or other factors bearing on possible abstention. The matter is left open for the District Court if Novicky decides to make an abstention request to that tribunal.

The result is that, after further consideration as directed by the Supreme Court, we reinstate Part VI ("Conclusion") of our previous opinion, 745 F.2d at 1437, 223 USPQ at 706, and reach the same conclusion.

Affirmed in part, Modified in part, Reversed in part, and Remanded.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

SYNTEX OPHTHALMICS, INC., ARAPAHOE CHEMICALS, INC., Appellees,	)	
v.	)	No. 84-838/857
NICK N. NOVICKY, GEORGE F. TSUETAKI, RUSED KONTACTS OF CHICAGO, INC., Appellants	)	

ORDER

A petition for rehearing and a suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is Ordered by the court that the petition for rehearing be, and the same is hereby, Denied.

The suggestion for rehearing in banc is declined.

FOR THE COURT

Francis X. Gindhart, Clerk

October 2, 1985
Date

cc: Keith V. Rockey
James W. Gould

No. 85-1243 (3)

Supreme Court, U.S.
FILED
FEB 21 1986
JOSEPH F. SPANIOL, JR.
CLERK

IN THE

Supreme Court of the United States

October Term, 1985

NICK N. NOVICKY,

Petitioner,

vs.

SYNTEX OPHTHALMICS, INC. and ARAPAHOE CHEMICALS, INC. (now SYNTEX CHEMICALS, INC.),

Respondents.

NICK N. NOVICKY,

Petitioner,

vs.

GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF OF RESPONDENTS IN OPPOSITION

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Counter Statement of Questions Presented for Review

1. On remand, did the Court of Appeals for the Federal Circuit properly consider *Marrese* v. *American Academy of Orthopaedic Surgeons*, 470 U.S. ——, 105 S.Ct. 1327, 84 L.Ed. 2d 274 (1985), in reaffirming its prior decision?

2. Was the extraordinary writ of mandamus properly denied when mooted by issuance and reaffirmance of the mandate of the Court of Appeals for the Federal Circuit to the District Court?

Parties to the Proceeding

The parties named in the caption are the only parties to this action. Respondents' statement pursuant to Rule 28.1 is set forth in the margin.*

* Syntex Ophthalmics, Inc. and Arapahoe Chemicals, Inc. (now Syntex Chemicals, Inc.) are Delaware corporations. They were formerly sister corporations, each being a wholly owned subsidiary, directly or indirectly, of Syntex (U.S.A.) Inc. which is a Delaware corporation with its principal place of business in California. As of December 19, 1985, all stock of Syntex Ophthalmics, Inc. was purchased by Pilkington Brothers, p.l.c., a corporation of the United Kingdom. Syntex Ophthalmics, Inc. has its principal place of business in Arizona. Syntex Chemicals, Inc. has its principal place of business in Colorado.

Petitioner Nick N. Novicky, an individual, is affiliated with Progressive Chemical Research Inc. in Whitby, Ontario, Canada, and has a laboratory in Calgary, Canada at 4315 64th Avenue.

George F. Tsuetaki is a resident of the state of Illinois with a business address at Five North Wabash Avenue, Chicago, Illinois.

Fuse[illegible] Kontacts of Chicago, Inc. is an Illinois corporation wholly owned by George Tsuetaki with its principal place of business in Chicago, Illinois.

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IN THE

Supreme Court of the United States

October Term, 1985

No. 85-1243

NICK N. NOVICKY,

Petitioner,

vs.

SYNTEX OPHTHALMICS, INC., and ARAPAHOE CHEMICALS, INC. (now SYNTEX CHEMICALS, INC.),

Respondents.

NICK N. NOVICKY,

Petitioner,

vs.

GEORGE F. TSUETAKI and FUSED KONTACTS OF CHICAGO, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF RESPONDENTS IN OPPOSITION

Respondents, Syntex Ophthalmics, Inc. and Arapahoe Chemicals, Inc. (now Syntex Chemicals, Inc.) (hereinafter collectively "Syntex") respectfully request that the Court deny Nick N. Novicky's (hereinafter "Novicky") Petition

for a Writ of Certiorari. Neither the questions presented nor the reasons given by petitioner for grant of the writ provide appropriate bases for the exercise of this Court's discretionary jurisdiction, because there was no error below and because petitioner's assertions are (a) barred by unappealed law of the case, (b) beyond the narrow scope of remand or (c) premature because asserted in a pending Appeal in the Federal Circuit.

OPINIONS BELOW

A. The Federal Case

The decision of the District Court for the Northern District of Illinois granting Syntex a preliminary injunction is reported as *Syntex Ophthalmics, Inc.* v. *Novicky*, 214 U.S.P.Q. 272 (N.D. Ill. 1982), *aff'd sub nom., Syntex Ophthalmics, Inc.* v. *Tsuetaki*, 701 F.2d 677 (7th Cir. 1983). The opinion of the District Court for the Northern District of Illinois holding Novicky misappropriated Syntex' trade secrets and granting a final injunction is reported as *Syntex Ophthalmics, Inc.* v. *Novicky*, 595 F. Supp. 28 (N.D. Ill. 1983), *aff'd in part, rev'd in part*, 745 F.2d 1423 (Fed. Cir. 1984). The opinion of the Court of Appeals for the Federal Circuit affirming the District Court's findings of trade secret theft and grant of summary judgment as to Syntex' title to six of the eight patent and applications in issue is reported at 745 F.2d 1423 (Fed. Cir. 1984). On remand on other issues, the District Court entered judgment for Syntex on September 4, 1985, now on appeal to the Federal Circuit. Novicky's first Petition for Certiorari was granted, and judgment vacated and remanded on

March 18, 1985, reported at *Novicky* v. *Syntex Ophthalmics, Inc.* —— U.S. ——, 105 S.Ct. 1740, 84 L.Ed.2d 807 (1985). The opinion of the Federal Circuit on remand, the subject of the present Petition, is reported at *Syntex Ophthalmics, Inc.* v. *Novicky*, 767 F.2d 901 (Fed. Cir. 1985).

B. The State Case

The decision of the Illinois state court is reported as *Tsuetaki* v. *Novicky*, No. 80 CH 4724 (Cir. Ct. Cook Cty. Ill. Jan. 31, 1981). The Illinois Appellate Court decision is reported as *Tsuetaki* v. *Novicky*, No. 81-1727 (3d Div. 1983).

JURISDICTIONAL STATEMENT

This Court only has jurisdiction to review the decision of the Court of Appeals for the Federal Circuit in this matter pursuant to 28 U.S.C. § 1254(1), if a writ of certiorari is granted upon Novicky's petition. The judgment of the Federal Circuit for which this Court's review is sought, was decided July 18, 1985.

SUMMARY OF ARGUMENT

This Court's decision of March 18, 1985, ordered the Federal Circuit to reconsider its prior decision in light of *Marrese* v. *American Academy of Orthopaedic Surgeons*, 470 U.S. ——, 105 S.Ct. 1327, 84 L.Ed. 2d 274 (1985), by applying Illinois law of collateral estoppel rather than federal law. The Federal Circuit did precisely that, and in a well-reasoned opinion reaffirmed its prior decision.

The District Court, meanwhile, proceeded under the original remand from the Federal Circuit which was not appealed to this Court and was therefore unaffected by this Court's decision. Further, no final judgment was entered by the District Court until the Federal Circuit mandate was issued, mooting any controversy about the power of the District Court to act.

Novicky's arguments about, *inter alia,* removal (Petitioner's Brief page 15, "PB p. 15"), the original denial of remand to the state court (PB p. 25) and entry of a preliminary injunction (PB p. 19), have been previously denied, are therefore the law of the case, and should not be considered further.

Other arguments, such as the District Court's denial of Novicky's demand for a jury trial, are premature, since these very same issues are now on appeal to the Federal Circuit.

In short, most of the Petition is but a thrice-warmed rehash, and on the one real issue of *Marrese,* 105 S.Ct. 1327, Petitioner is reduced to alleging falsely that "The Federal Circuit just ignored this Court's Order . . . " (PB p. 28). In fact, the Federal Circuit carefully considered *Marrese* and Illinois law, and its decision should stand.

COUNTER STATEMENT OF THE CASE

Once again, Novicky has devoted most of his brief to a narrative largely unsupported by the record. In the interest of brevity, Syntex commends the opinions below (citations *supra* pp. 2-3) for their concise statements of the

actual findings of fact. To date, five different courts have summarized the relevant facts: the Illinois state trial court, the Illinois Appellate Court, the District Court for the Northern District of Illinois (twice), the Court of Appeals for the Seventh Circuit, and the Court of Appeals for the Federal Circuit. The well-reasoned and thorough opinions of District Court Judge Decker and Federal Circuit Judge Davis state the relevant facts most accurately and succinctly, and do not need repetition here.

These decisions convey also the duration of this legal saga and the lengths to which our system of justice will go to afford an individual his days in court. However, at this stage, there being no error below, simple justice and common sense urge denial of the Petition.

ARGUMENT

The narrowest issue on remand presented by *Marrese*, 105 S.Ct. 1327, is "whether a state court judgment may have preclusive effect on a federal antitrust claim that could not have been raised in the state proceeding." *Id.* at 1331. Here, of course, the claims in the state and federal actions were of the same nature, namely misappropriation of trade secrets and ownership of patents, although only the title to the "non-private" patents and applications is relevant in the remand of these appeals.

Marrese also stands for the broader proposition that 28 U.S.C. § 1738 "requires a federal court to look first to state preclusion law in determining the preclusive effects of a state court judgment." *Marrese*, 105 S.Ct. at 1332.

Stated more precisely, the concern in *Marrese* is that a federal court might give a greater preclusive effect to a state court judgment than the state court itself might give. Again, this concern is not present here, since Syntex' claim to patent title is based on (a) state preclusion law that is essentially the same as the federal law relied upon by this Court (*see* discussion *infra*); or (b) valid assignments recorded in the PTO (*see* discussion *infra*).

Notwithstanding *Marrese's* note that state law determines the effect of a state court settlement and consent order, *Id.* at 1333, fn. 2, here the settlement between Tsuetaki and Syntex, upon which Syntex relied, was entered in the federal action. This negates any need to look to state law with respect to Tsuetaki's assignment to Syntex.

Thus, the narrow question presented is whether the Federal Circuit's decision on remand went beyond Illinois state law in deciding the title issue as to the non-private patents and applications. The answer is no.

A. Summary Judgment Of Syntex' Title To The Non-Private Patents And Applications Was Properly Reaffirmed

The Federal Circuit on remand reaffirmed its decision, since relevant Illinois law on issue preclusion is essentially the same as the federal law, *Spiller* v. *Continental Tube Co.*, 95 Ill. 2d 423, 447 N.E.2d 834 (1983). Specifically, assuming *arguendo* that the Illinois trial court's judgment is vacated and remanded for a new trial between Novicky and Tsuetaki, under Illinois law the lower court must retry the case in conformity with the opinion of the appellate

court. *Pittsburgh, Cincinnati, Chicago & St. Louis Railway Co.* v. *Gage*, 286 Ill. 213, 217, 121 N.E. 582, 584 (1918); *Shlensky* v. *South Parkway Building Corp.*, 44 Ill. App. 2d 135, 194 N.E.2d 35, 38 (1st Dist. 1963).

This does not mean that a bare mandate negates the actual opinion. Even the main case relied on by Novicky, *PSL Realty Co.* v. *Granite Inv. Co.*, 86 Ill. 2d 291, 427 N.E. 2d 563, 571 (1981) states "[i]n construing the language [of the mandate] matters which are implied may be considered embraced by the mandate. [Citations omitted.] The trial court may only do those things directed in the mandate. [Citation omitted.] The trial court has no authority to act beyond the dictates of the mandate."

Other Illinois cases have parallel language:

Bradley v. *Howard Hembrough Volkswagen, Inc.*, 89 Ill. App. 3d 121, 124, 411 N.E.2d 535, 537 (4th Dist. 1980):

> When a trial court's judgment is reversed, the trial court is clearly bound by the appellate court's determination of all questions decided and can only act in such proceedings in a manner as conforms to the appellate court's judgment.

Pittsburgh, Cincinnati, Chicago & St. Louis Railway Co. v. *Gage*, 286 Ill. 213, 217, 121 N.E. 582, 584 (1918):

> Where a judgment is reversed by an appellate court, the judgment of the appellate court is final upon all questions decided, and those questions are no longer open to consideration. If the cause has been remanded, the court to which it is remanded can take only such proceedings as conform to the judgment of the appellate court. If specific directions are given, the court

> can do nothing but carry out the specific directions. If specific directions are not given, it must be determined from the nature of the case what further proceedings are proper, and it is the duty of the court to which the cause is remanded to examine the opinion and proceed in conformity with it.

Shlensky v. *South Parkway Building Corp.*, 44 Ill. App. 2d 135, 194 N.E.2d 35, 38 (1st Dist. 1963):

> It was the duty of the Circuit Court to examine the opinion of the Supreme Court and proceed in conformity with it.

The Federal Circuit thus correctly read the Novicky Illinois Appellate Court decision as to the non-private patents and applications. Although the Illinois Appellate Court did not give specific instructions to the trial court, it did (as noted by the Federal Circuit at 745 F.2d at 1431-32) accept the trial court's findings that Tsuetaki was the owner of the four non-private patents (plus the two divisionals of the '303 patent) and applications which were assigned by Tsuetaki to Syntex pursuant to the settlement agreement. The Illinois Appellate Court also accepted the trial court's finding that Novicky conceded the other patents and patent applications at issue were assigned to Tsuetaki in accordance with the original employment agreement signed by Novicky.

Also, the Illinois Appellate Court noted that (1) Novicky was paid a total of $20,000 for patent application Serial No. 6725 (U.S. Patent No. 4,216,303), (2) Novicky filed two more applications for other inventions which "Novicky agrees belong to Tsuetaki" and (3) Novicky filed

three additional patent applications, only two of which [the '483 and '989 private patents] Novicky claimed belong to him.

In any retrial in the Illinois state court, the only issue thus remaining is modification of the original Novicky/Tsuetaki employment agreement as it relates to Tsuetaki's payments to Novicky for production of contact lens polymeric rods. These contact modification issues are neither part of Novicky's Petition for Writ nor did Syntex assert such modifications as collateral estoppel. Further, the original employment agreement entered into between Novicky and Tsuetaki dealing with assignment of the non-private patents would not be at issue. The Illinoise trial court, in conformity with the Illinois Appellate Court's decision, would thus collaterally estop Novicky from retrying any issues as to the validity of his assignments of the non-private patents to Tsuetaki under the original agreements, the same result reached by the Federal Circuit.

Therefore, the preclusive effect of the Illinois Appellate Court's judgment is the same under both state and federal law, and the *Marrese* decision has no effect on the result of the Federal Circuit's prior decision.

B. The Recorded Assignments Perfect Syntex' Title To The Patents In Issue

In deciding whether to reaffirm summary judgment of title to the non-private patents and applications in Syntex, an appellate court can look to the entire record, *Bushman Construction Co.* v. *Conner*, 307 F.2d 888, 892-93 (10th Cir. 1962) and can apply the same tests as a district court, *Goodman* v. *Mead Johnson & Co.*, 534 F.2d 566, 573 (3rd Cir. 1976), *cert. denied*, 429 U.S. 1038 (1977). The Federal

Circuit (or this Court) thus could have relied on Tsuetaki's settlement with Syntex of the federal action, the recorded assignments in the Patent Office and the admissions of the parties, without addressing Illinois law on issue preclusion.

Marrese thus does not affect the federal issue of the effectiveness of Tsuetaki's assignments of the non-private patents and applications to Syntex. The existing appeal record as to these patents and applications show that:

1. Novicky assigned U.S. Patent No. 4,216,303 to Tsuetaki. This assignment is recorded in the Patent and Trademark Office and is shown on the face of the '303 patent.

2. Novicky also assigned U.S. Patent Nos. 4,314,068 and 4,365,074 to Tsuetaki. These are divisionals of the '303 patent, and are covered by the original assignment.

3. Novicky also executed written recorded assignments for three other applications, namely applications Serial Nos. 072,449 (issued as U.S. Patent No. 4,303,772); 103,408 (abandoned) and 081,682 (abandoned).

4. Further, while represented by counsel, Novicky filed a sworn Answer to Tsuetaki's state court complaint admitting that the three applications listed in paragraph three above were assigned to Tsuetaki, pursuant to the terms of the Agreement. Such pleadings, at a minimum, act as adverse evidentiary admissions against Novicky, *White* v. *Arco/Polymers, Inc.*, 720 F.2d 1391, 1396 (5th Cir. 1983), whether or not they are considered conclusively binding, *Myers* v. *Manchester Insurance & Indemnity Co.*, 572 F.2d 134 (5th Cir. 1978); *Mull* v. *Ford Motor Co.*, 368

F.2d 713, 715-16 (2d Cir. 1966); *Scaife* v. *Western North Carolina Land Co.*, 90 F. 238, 240-41 (4th Cir. 1898), *cert. denied*, 173 U.S. 705 (1899); 9 WIGMORE, EVIDENCE § 2590, at 822 (Chadbourn rev. 1981).

5. The '772 patent referred to in paragraph three above also shows assignment to Tsuetaki on its face.

Thus all of the non-private patents and applications here in issue have valid, recorded assignments from Novicky to Tsuetaki. As part of the settlement with Syntex, Tsuetaki executed an assignment of all of these patents and applications to Syntex, also recorded in the Patent and Trademark Office. Accordingly, the state and federal court and Patent and Trademark Office records show that Novicky's assignments to Tsuetaki were valid and effective. Novicky never challenged the fact of these assignments of the non-private patents and applications in either the state or federal actions.

At the time Novicky assigned the patents and applications to Tsuetaki for valuable consideration, there was no dispute as to the validity of the assignments nor were there any prior recorded or unrecorded assignments more than three months old. Therefore, Tsuetaki's title in the non-private patents and applications became absolute and Syntex' acquisition of those patents and applications with knowledge of the prior assignments gave it the entire right, title and interest to those patents and applications which cannot be cut off now by Novicky. *Crown Die & Tool Co.* v. *Nye Tool & Machine Works*, 261 U.S. 24, 36-37, 43 S.Ct. 254, 67 L.Ed. 516 (1923); *Waterman* v. *Mackenzie*, 138 U.S. 252, 255, 11 S.Ct. 334, 34 L.Ed. 923 (1891); *Gayler* v.

Wilder, 51 U.S. 477, 480-81, 492-94, 13 L.Ed. 504, 505-06, 510-11 (1850); *Heywood-Wakefield Co.* v. *Small,* 96 F.2d 496, 499-500 (1st Cir. 1938), *cert. denied,* 305 U.S. 663 (1938); 4 WALKER ON PATENTS § 341, at 367, 370-74 (Deller's 2d ed. 1965).

At the time Syntex recorded its assignment from Tsuetaki of the non-private patents and applications, the records of the Patent and Trademark Office revealed title to such patents and applications in Tsuetaki. Syntex' assignments from Tsuetaki thus give it title to the non-private patents and applications without reference to state preclusion law, since Syntex relied upon the federally recorded conveyances from Novicky to Tsuetaki.

C. Denial Of Mandamus Was Proper Because The District Court Was Acting Under A Mandate

Novicky focuses only on the last month of the complex remand sequence to allege that the District Court had no power to issue its September 4, 1985 decision. This ignores the simple fact that the District Court acted under a valid mandate entered a year earlier which was unaffected by this Court's decision.

The Federal Circuit issued its original remand mandate on October 3, 1984. Judge Decker then scheduled a status conference and hearing for February, 1985. In January, Novicky filed his first Petition for Certiorari. He then filed a motion to *recall* the mandate which was then admittedly already issued. The Federal Circuit denied the motion to recall on January 28, 1985.

The trial court then proceeded with an evidentiary hearing on February 7, 1985. On March 18, 1985, this Court

entered its decision remanding for consideration of *Marrese*. The Federal Circuit on July 18, 1985 reaffirmed its earlier decision, expressly holding that its original remand to the District Court had "nothing to do with the Supreme Court's *Marrese* decision and opinion, and are in no way affected by either." (Appellant's Appendix A-48 and 767 F.2d at 902)

Thus the District Court's hearing on February 5, 1985 was effective under the original mandate, as was its decision on September 4, 1985 after the Federal Circuit's reaffirmation on July 18, 1985.

Finally, the issue is moot since the Federal Circuit issued the mandate on its reaffirmation on remand from this Court on October 2, 1985 (delayed by Novicky's motion for rehearing). Certainly, then, its denial of the mandamus alleging no mandate on October 20, 1985 was well founded and proper.

D. Novicky's Remaining Arguments Are Barred By Law Of The Case, Are Beyond The Narrow Remand, Or Are Premature

Novicky's brief blithely ignores the repeated, binding findings of fact of the courts below. For example, Novicky asserts the batch sheets he stole and sold to Tsuetaki had no value (PB pp. 6-8), ignoring repeated holdings that Syntex had valuable trade secrets in them. *Syntex Ophthalmics, Inc.* v. *Novicky*, 745 F.2d 1423, 1434 (Fed. Cir. 1984); *Syntex Ophthalmics, Inc.* v. *Tsuetaki*, 701 F.2d 677, 683 (7th Cir. 1983). Novicky also asserts he independently conceived a monomer called S-9, ignoring the findings that this was not independent of his work for Syntex. *Syntex Ophthalmics, Inc.* v. *Novicky*, 591 F. Supp. 28, 34 (N.D. Ill. 1983); *Tsuetaki*, 701 F.2d at 682.

Novicky's assertion of improper removal (PB pp. 15-16) likewise ignores clear holdings that removal was proper. *Novicky*, 745 F.2d at 1431.

Novicky's claim of total victory in the Illinois Appellate Court (PB p. 17) also ignores that court's holding that the private patents belonged to Syntex [*Tsuetaki* v. *Novicky*, No. 81-1727 (3d Div. 1983)] and Novicky's binding admissions that he assigned the other patents to Tsuetaki. *Novicky*, 745 F.2d at 1432.

Novicky's complaint that there was no evidentiary hearing on the preliminary injunction (PB p. 19) ignores the affirmance on appeal based on the clear holdings that he copied Syntex' trade secrets "almost verbatim". *Novicky*, 591 F. Supp. at 35; *Novicky*, 745 F.2d at 1435. Novicky's challenges to the final injunctions (PB pp. 23-24, 31) are pending in the Federal Circuit, precluding consideration here.

Novicky's assertion that he began work on the private patents after leaving Syntex (PB pp. 19-20) ignores his binding admissions of fact to the contrary. *Novicky*, 591 F. Supp. at 37; *Novicky*, 745 F.2d at 1433 n.20.

Novicky's use of innuendo, by referring to a "mysterious settlement agreement" (PB p. 22), ignores the simple fact that the legally operative patent assignments on which summary judgment was based were filed in open court. *Novicky*, 591 F. Supp. at 30.

Novicky also claims he should have title to all the patents because of his theory of rescission of an August 1978 contract, ignoring repeated findings that the August con-

tract only affected the two private patents, not his separate legal assignment of the '303 and other non-private patents to Tsuetaki. *Tsuetaki* v. *Novicky,* No. 81-1727 (3d Div. 1983); *Novicky*, 745 F.2d at 1431-32.

Title to the two private patents, which Novicky repeatedly admitted he invented while at Syntex (745 F.2d at 1433) are of course not in issue here. The Federal Circuit remanded this issue to the District Court for a hearing. That hearing resulted in a finding that Syntex directly owned the private patents because Novicky invented them while under an employment contract with Syntex, not relying on collateral estoppel from the Illinois state court decision. Therefore, *Marrese* has no effect on the private patents.

Novicky's claim that he has been denied a hearing on his counterclaim to title to the private patents (PB p. 26) is simply false. Such a hearing was held on February 7, 1985, the same day that Novicky's counsel for this petition withdrew because Novicky filed a *pro se* civil rights lawsuit against the Honorable Judge Decker. Novicky himself served the complaint the day of the hearing, but said in an affidavit filed in the pending Federal Circuit appeal that he did not attend because he saw a U.S. Marshal outside the courtroom and was afraid to re-enter the same room where he had earlier served his complaint.

In any event, Novicky has a pending appeal in the Federal Circuit involving, *inter alia,* title to these private patents. Therefore, any assertion here about such proceedings, including any claim to a jury trial, is premature.

Finally, Novicky did not challenge any of the court's decisions below on due process grounds. Novicky's asser-

tion that he has been deprived of property without due process of law was neither pleaded, argued, nor briefed either in the District Court or in the Federal Circuit, and therefore, this Court should not consider it here. *See e.g., Dunigan* v. *United States,* 274 U.S. 195, 200 (1927); *Ellis* v. *Dixon,* 349 U.S. 458, 460 (1955); *United States* v. *Lovasco,* 431 U.S. 783, 789 n.7 (1977).

In short, to use Novicky's words, it is *his* case which is "in shambles" (PB p. 32). The accumulated court decisions have hemmed him in so narrowly that he now simply ignores them to fabricate a story grounded in fantasy.

CONCLUSION

This Court's narrow concern in remanding to the Federal Circuit, namely consideration of *Marrese,* has been fully and properly addressed by the Federal Circuit. Novicky's Petition For Writ of Certiorari should be denied because it raises no effective challenge to that decision and dwells instead on issues either long decided or premature.

Novicky's Petition For Writ of Certiorari should accordingly be DENIED.

Respectfully submitted,

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On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITIONER'S REPLY BRIEF

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PETITIONER'S REPLY BRIEF

Syntex, to be sure, has not answered our showing that this is a case warranting

this Court's attention -- just as it did when certiorari was previously granted.

Indeed, the reasons and lame excuses provided by Syntex to support the judgment of the Federal Circuit reinstating a judgment which this Court vacated are replete with misrepresentations and false statements.

Not the least of those is Syntex' bald assertion that "no final judgment was entered by the District Court until the Federal Circuit mandate was issued" (Respondents' brief, p. 4). The true facts are as follows:

The judgment of the Federal Circuit of October 3, 1984 was vacated on

on March 18 when this Court granted certiorari (see _____ U.S. _____, 105 S.C. 1740, 84 L.Ed.2d 807). The Federal Circuit treated this Court's order as one vacating its entire judgment (A 59-60). The District Court, on September 4, 1985 -- before the mandate from the Federal Circuit was issued -- entered a final judgment on remand and a revised final injunction.

That is but one of many misstatements in respondents' brief. In showing that respondents have not answered the petition, we shall point out more of respondents' misstatements made in an effort to buttress a district court proceeding that was fundamentally unfair.

I. Syntex' Arguments That Summary Judgment On The Question Of Title To The Non-Private Patents Was Proper Ignores The Illinois Appellate Court Ruling Made Obligatory On The Federal Circuit.

As we pointed out in our petition, this Court's direction that the original judgment of the Federal Circuit be re-examined in light of Marrese v. American Academy Of Orthopaedic Surgeons (1985), 470 U.S. ____, 105 S.C. 1327, 84 L.Ed. 274, was just ignored by the Federal Circuit on remand.

In the first place, the Federal Circuit just ignored Illinois law requiring, in the words of the Illinois Supreme Court that:

> "The correctness of the trial court's action on remand is to be determined from the appellate court's mandate, as opposed to the appellate court opinion."

See PSL Realty Company v. Granite Investment Co. (1981), 86 Ill.2d 291, 427 N.E.2d 563, 571.

The Federal Circuit just ignored that rule of the Illinois Supreme Court -- in direct violation of Marrese.

More important than the question of what Illinois law holds is the fact that the Federal Circuit proceeded in naked conflict with the holding of the Illinois Appellate Court made obligatory on the Federal Circuit by 28 U.S. Code §1738 and Marrese. Thus:

(1) The Illinois Appellate Court directed that the entire case -- and not just some issues -- be retried (A 57), while the Federal Circuit held that no trial on the

title issue anent the non-private patents was necessary.

(2) The Illinois Appellate Court directed that the case be retried with Syntex as a necessary party (A 54), while the Federal Circuit, once again, refused to order a new trial -- whether or not Syntex was a party.

When all the rhetoric and legal niceties are stripped away, one fact stands out in bold relief: the Federal Circuit gave a preclusive effect to a state trial court judgment which was reversed and remanded for a new trial on the ground that it was procured through "fraud" and "unconscionable behavior". And that, we most respectfully submit, is wrong and unfair.

II. Novicky's Counterclaim, Reinstated By The Reversal In The Illinois Appellate Court, Reopens The Question Of Whether Novicky Was Obligated To Assign The Non-Private Patents.

Syntex' position -- echoing that of the Federal Circuit -- is based on a point that was never urged by Syntex before the Federal Circuit. That point was that the Illinois Appellate Court did not really reverse the Illinois state trial court decision respecting the non-private patents. Syntex says that Novicky assigned those non-private patents to Tsuetaki pursuant to the agreement and received $20,000 compensation for them.

There are two answers to that argument, either one of which lays it

to rest completely. The first is that Novicky, in the state court action, pleaded that he was entitled to rescission of the very agreement obligating his assignment of the private patents. While the Illinois trial court dismissed Novicky's counterclaim and pleas for recision -- in a judgment held by the Illinois Appellate Court as procured through "fraud" and "unconscionable behavior" (A 52) -- the Illinois Appellate Court decision reinstates Novicky's counterclaim. If he is successful in proving his right to rescission under it, the formal assignments relied on by Syntex in support of its claim to the patents fail.

In other words, just as the Illinois Appellate Court held, the issue of

title to those non-private patents must be resolved in a forum where both Tsuetaki and Syntex are present, and not in the compartmentalized fashion as Syntex urges.

The second reason why those formal assignments touted so highly by Syntex buy it absolutely nothing is that Tsuetaki destroyed Novicky's obligations to assign those patents by engaging in the very "fraud" and "unconscionable behavior" which the Illinois Appellate Court found had tainted the original state trial court decision.

Conclusion

Novicky's petition is meritorious

and should be granted.

Respectfully submitted,

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